12/11/85—

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SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

NOVEMBER 1985

The November 1985 survey is the 206th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

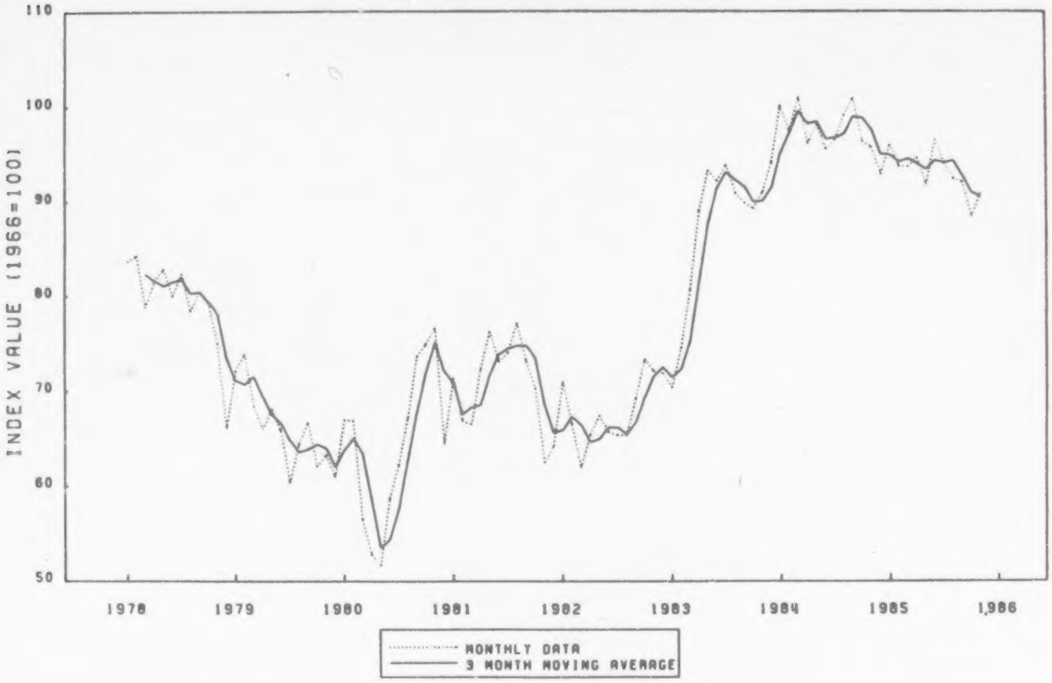


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

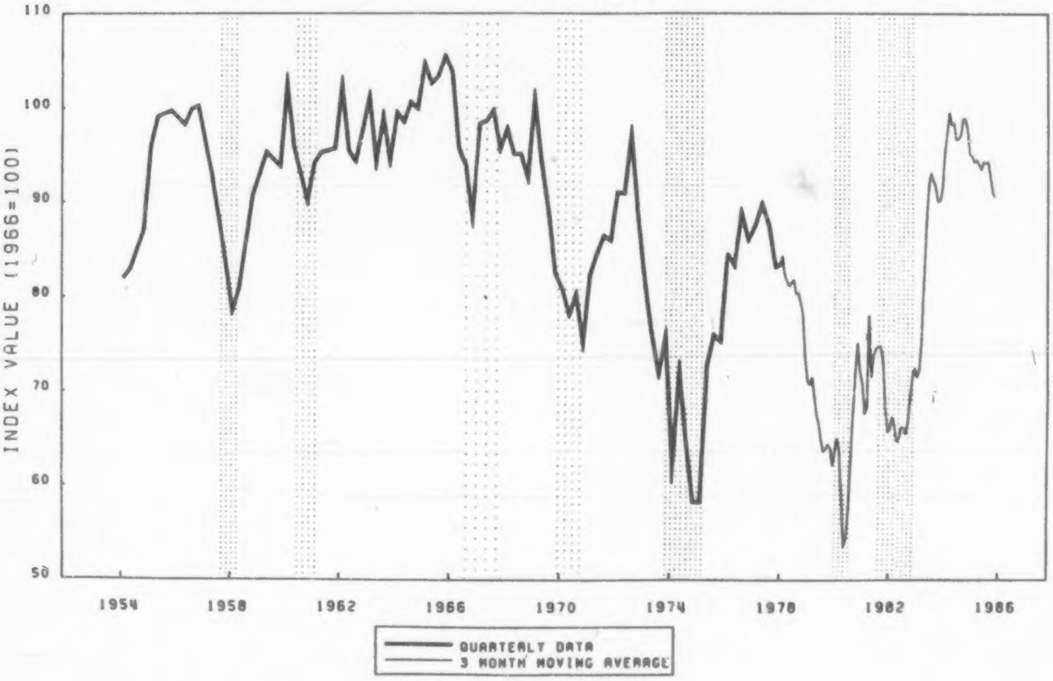


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $20,000	Families with incomes over $25,000
November 1982	72.1	79.3	81.1
December 1982	71.9	78.0	80.5
January 1983	70.4	78.2	78.8
February 1983	74.6	79.9	81.3
March 1983	80.8	88.4	88.9
April 1983	89.1	97.1	99.0
May 1983	93.3	99.6	101.0
June 1983	92.2	101.2	102.5
July 1983	93.9	104.4	106.5
August 1983	90.9	101.2	103.5
September 1983	89.9	99.0	102.3
October 1983	89.3	99.5	101.9
November 1983	91.1	97.2	98.8
December 1983	94.2	101.7	104.5
January 1984	100.1	112.0	114.2
February 1984	97.4	109.6	111.2
March 1984	101.0	110.9	114.2
April 1984	96.1	103.9	105.5
May 1984	98.1	105.6	107.1
June 1984	95.5	104.4	104.5
July 1984	96.6	103.2	102.8
August 1984	99.1	106.7	109.2
September 1984	100.9	109.7	111.7
October 1984	96.3	106.2	107.7
November 1984	95.7	108.6	111.0
December 1984	92.9	99.2	100.1
January 1985	96.0	104.1	106.7
February 1985	93.7	105.4	107.4
March 1985	93.7	106.5	108.8
April 1985	94.6	102.8	107.9
May 1985	91.8	99.5	100.3
June 1985	96.5	101.2	104.3
July 1985	94.0	100.0	102.6
August 1985	92.4	99.4	104.1
September 1985	92.1	100.0	99.5
October 1985	88.4	96.9	99.2
November 1985	90.9	99.3	100.4

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

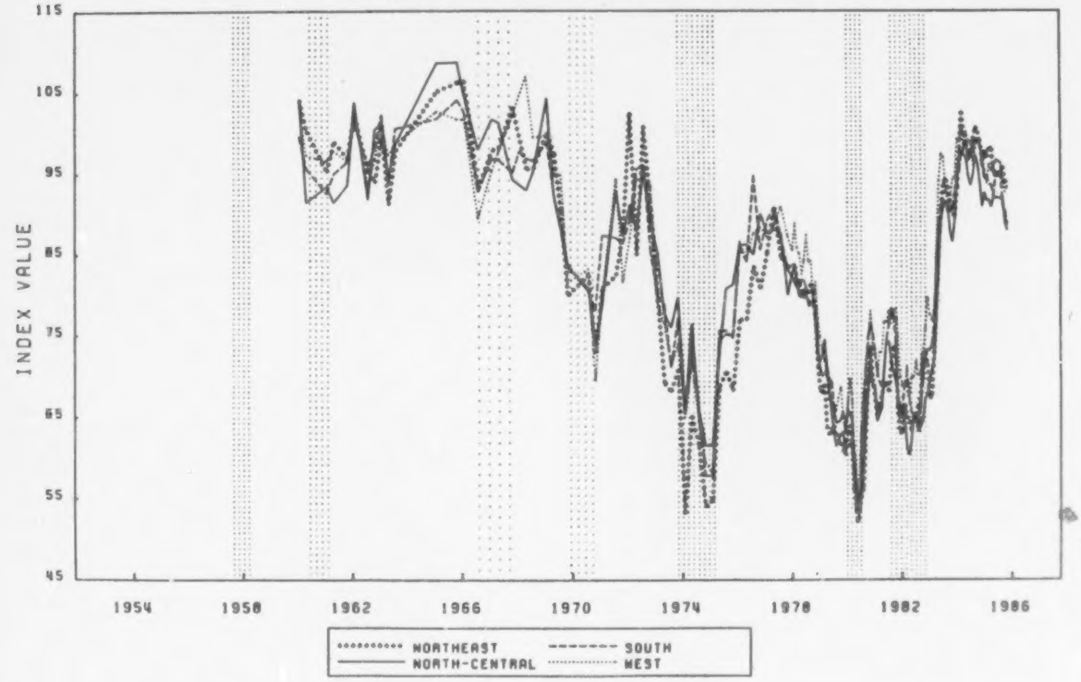


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

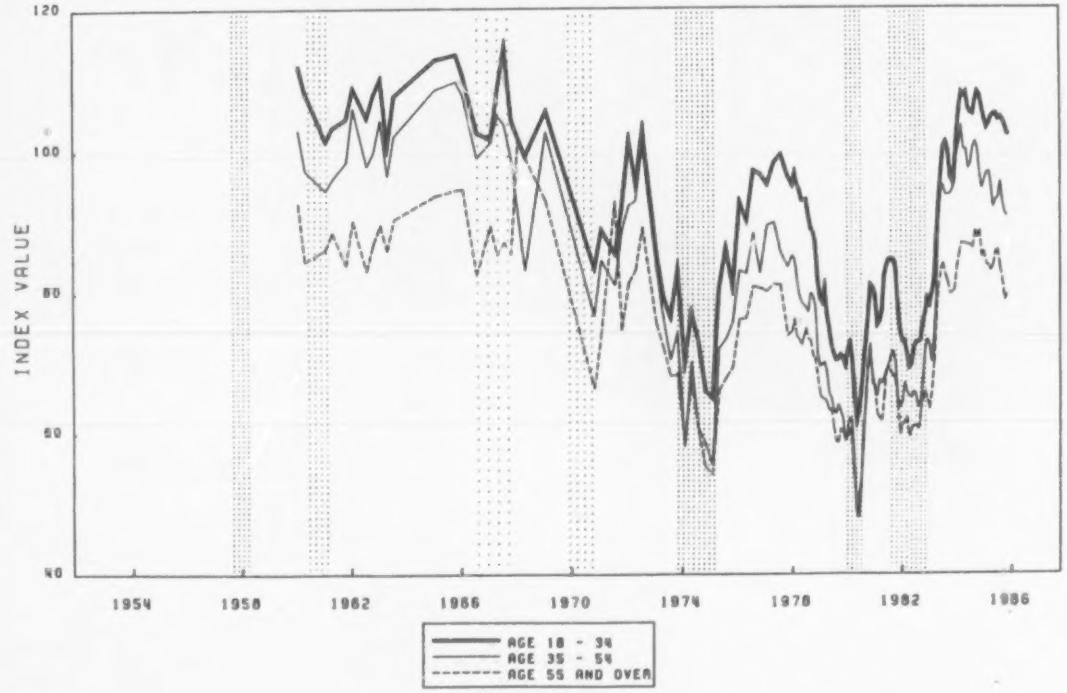


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

	CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY	North East	North Central	South	West	18-34	35-54	55+
November 1982	70.6	67.9	73.2	79.3	76.6	75.7	63.8
December 1982	66.1	70.0	72.5	80.4	78.9	71.7	64.2
January 1983	64.9	70.5	73.6	72.8	78.8	70.0	62.0
February 1983	72.1	72.3	75.8	77.2	82.1	68.3	72.4
March 1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April 1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May 1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June 1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July 1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August 1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.5	95.3	98.2	99.3	106.5	95.9	87.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.7	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

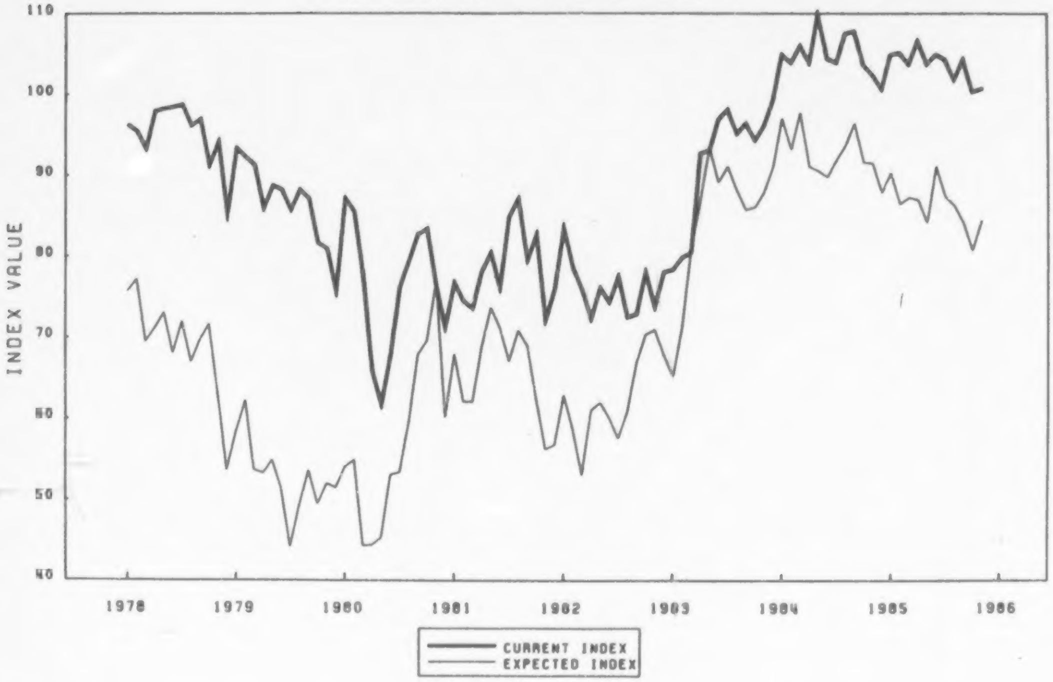


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

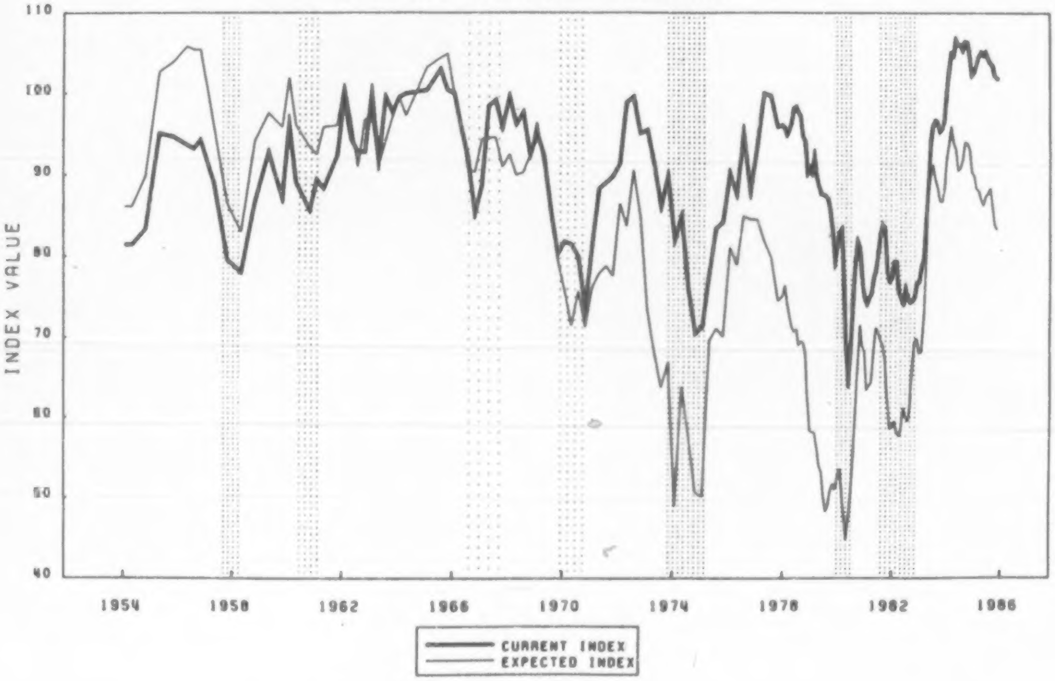


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
November 1982	85	121	77	86	105	73.8	71.0
December 1982	90	117	74	80	111	78.1	67.9
January 1983	91	115	76	69	111	78.4	65.2
February 1983	89	117	87	81	117	79.9	71.2
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	117	124	136	106	153	103.9	91.1
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

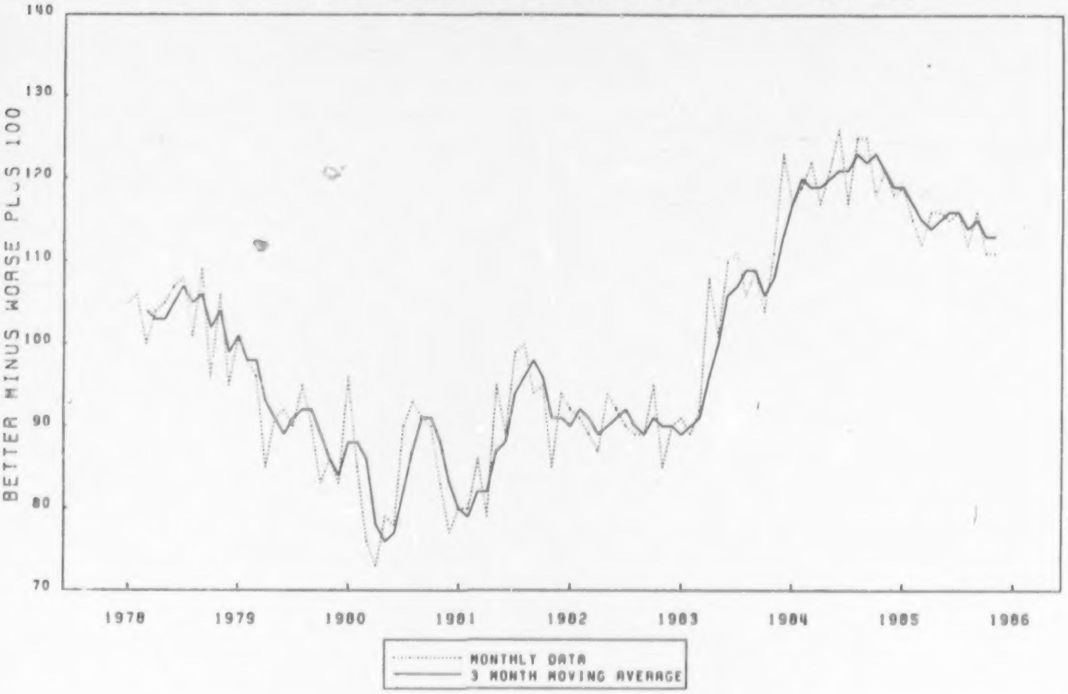


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

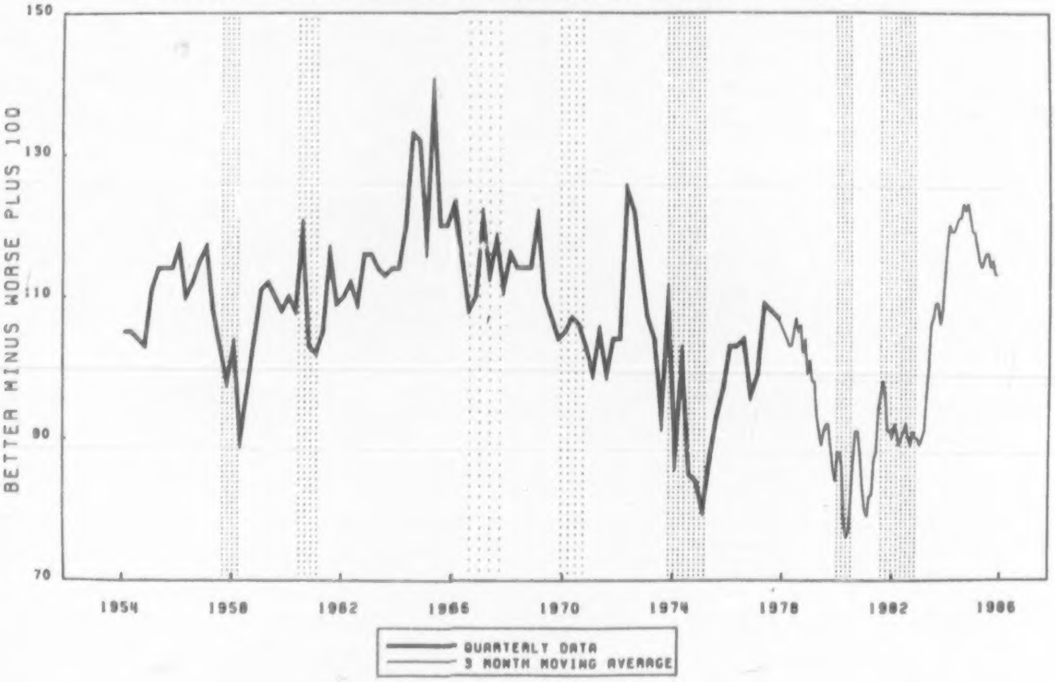


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
BETTER OFF	46%	44%	42%	42%	40%	41%	40%	43%	42%	41%	43%	39%	38%
SAME	29	30	35	31	32	34	36	29	32	29	28	33	34
WORSE OFF	25	26	23	27	28	25	24	28	26	29	27	28	27
DK,NA	*	*	*	*	*	*	*	*	*	1	2	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

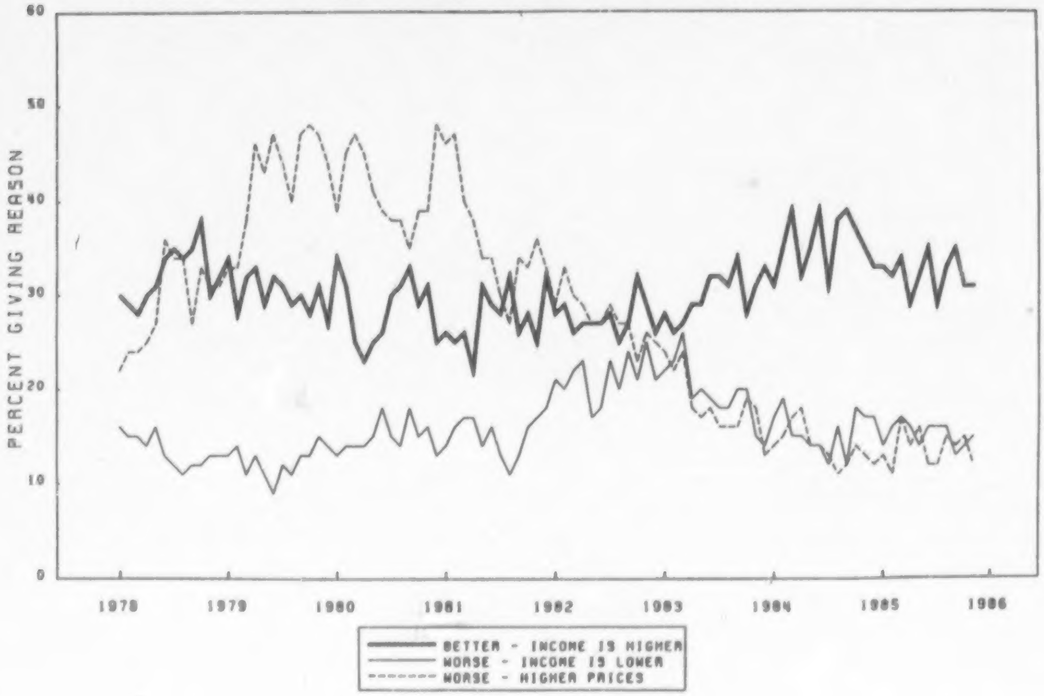


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

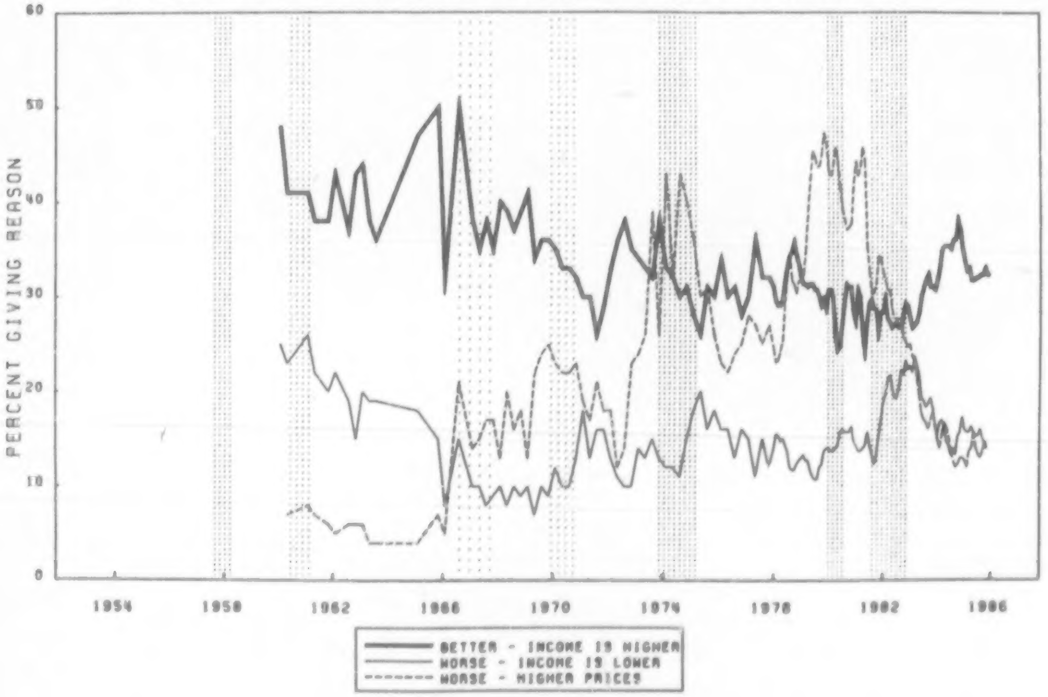


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	33%	33%	32%	34%	29%	32%	35%	29%	33%	35%	31%	31%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	17	14	16	17	16	14	16	16	16	13	14	15
Higher prices	13	12	13	11	17	14	16	12	12	15	14	15	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

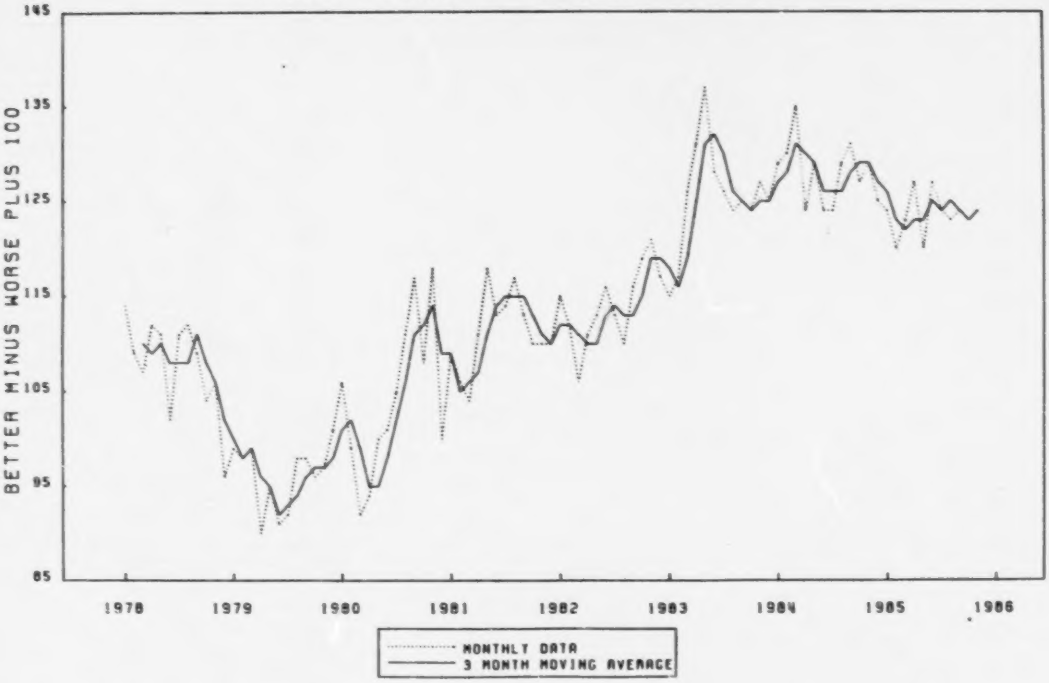


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

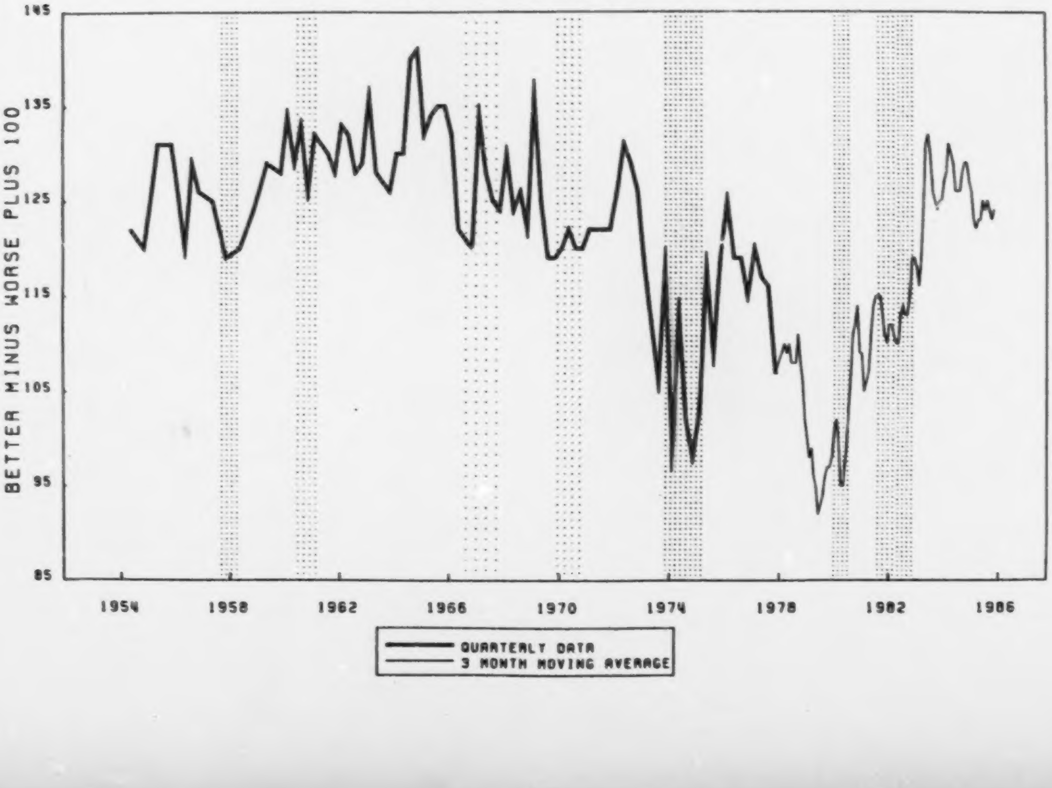


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
BETTER OFF	39%	36%	35%	33%	36%	37%	34%	36%	35%	36%	35%	33%	36%
SAME	48	50	52	50	49	49	49	52	51	48	50	54	48
WORSE OFF	10	11	11	13	13	10	14	9	11	13	11	10	12
DK,NA	3	3	2	4	2	4	3	3	3	3	4	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

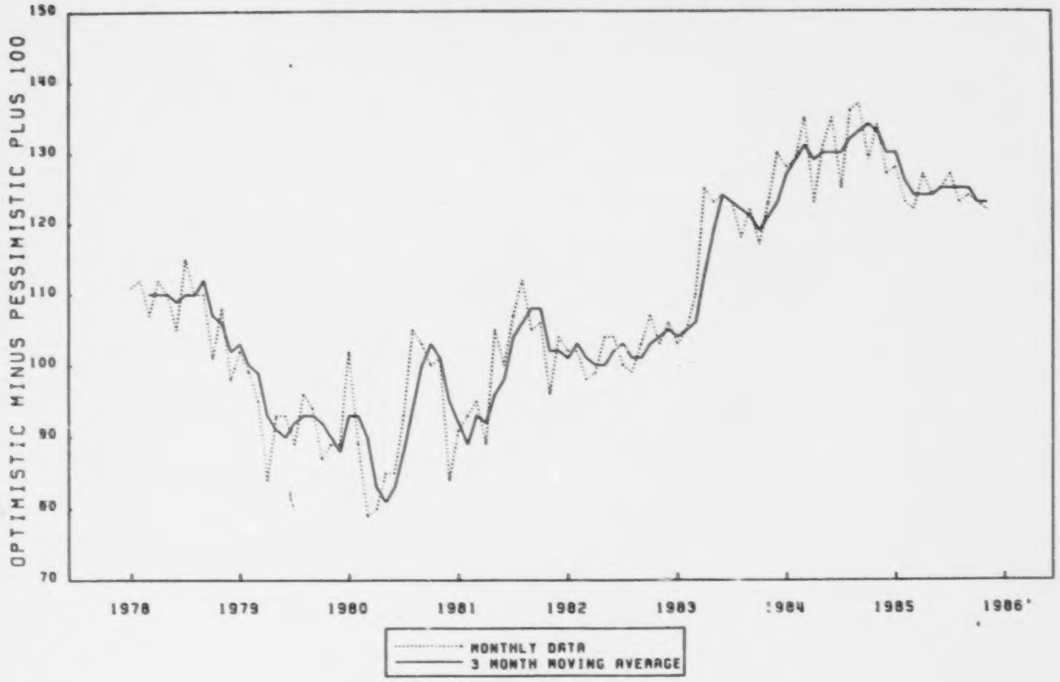


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

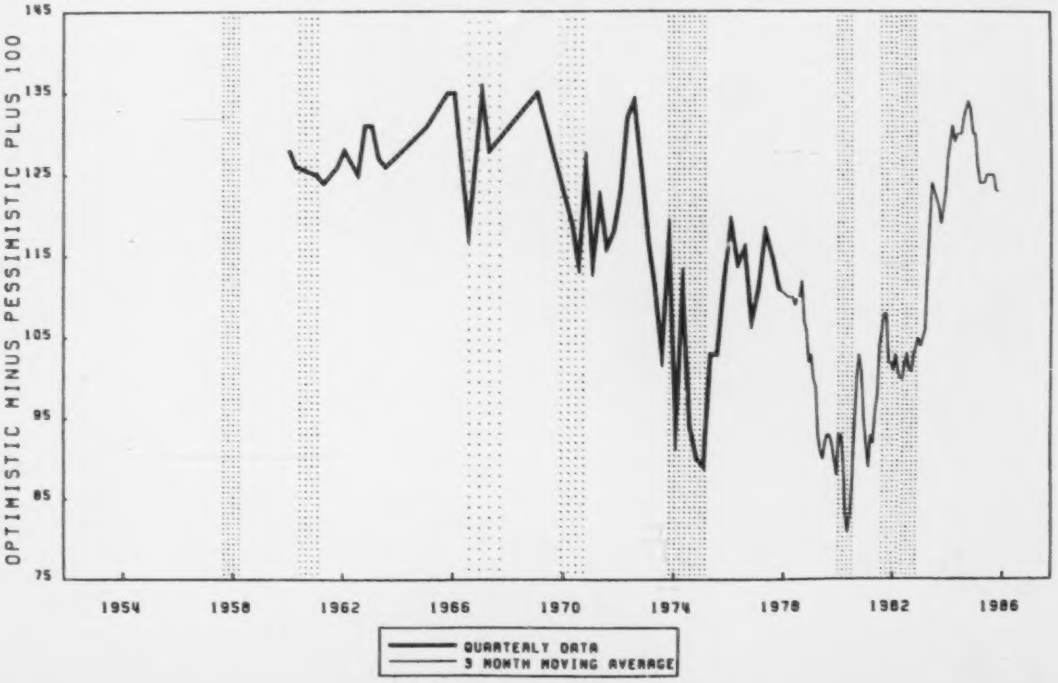


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	21%	23%	19%	20%	20%	22%	20%	22%	20%	19%	22%	18%	19%
Intermittent increase (b)	32	25	28	24	26	26	26	25	26	25	24	26	25
Remain unchanged (c)	15	19	22	20	18	20	21	19	21	19	18	23	20
Intermittent decline (d)	14	15	15	15	18	16	16	17	13	14	15	15	17
Continuous decline (e)	5	6	4	6	6	5	6	5	6	7	7	6	5
Mixed change (f)	10	9	9	12	10	8	8	9	10	12	9	9	10
DK,NA	3	3	3	3	2	3	3	3	4	4	5	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

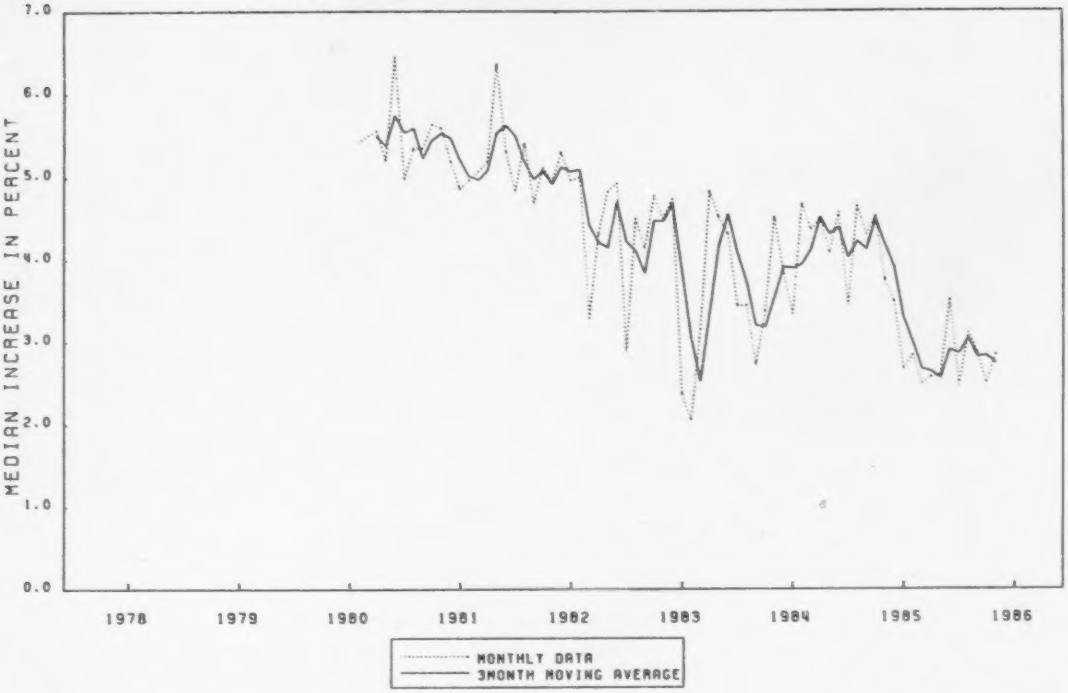


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

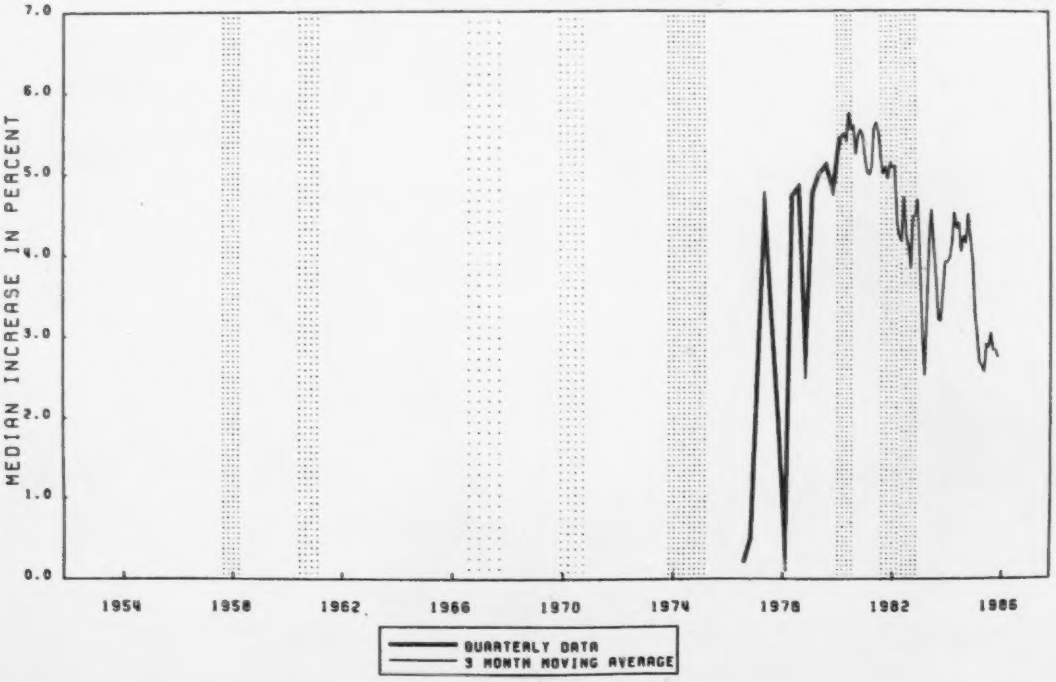


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
EXPECT INCREASE:													
1-4%	13%	12%	12%	14%	12%	11%	16%	11%	13%	13%	13%	13%	17%
5%	9	10	9	11	11	9	9	11	11	10	9	7	9
6-9%	7	8	9	6	7	7	5	7	7	8	8	8	8
10-24%	19	17	17	16	13	17	16	16	14	18	14	17	14
25% or more	8	7	6	7	8	8	7	10	6	5	8	6	6
DK how much up	6	7	3	3	4	3	4	4	3	3	4	5	4
EXPECT SAME	23	23	27	26	29	30	28	26	28	29	28	29	26
EXPECT DOWN	13	15	16	16	15	14	13	14	16	12	13	14	14
DK,NA	2	1	1	1	1	1	2	1	2	2	3	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE DURING THE LAST YEAR

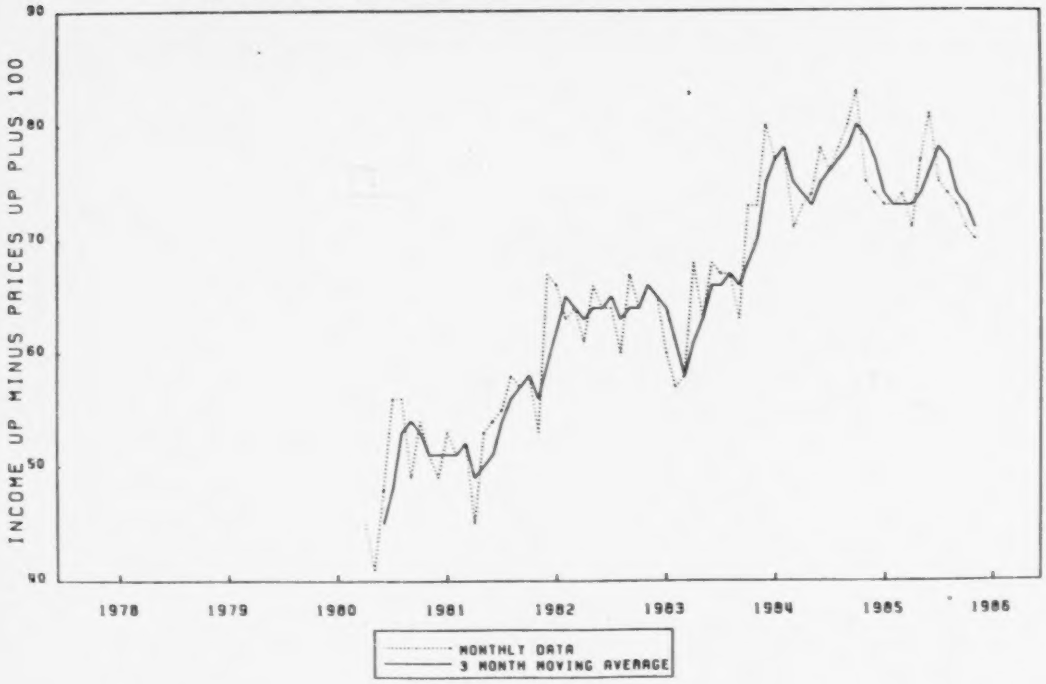


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE DURING THE LAST YEAR

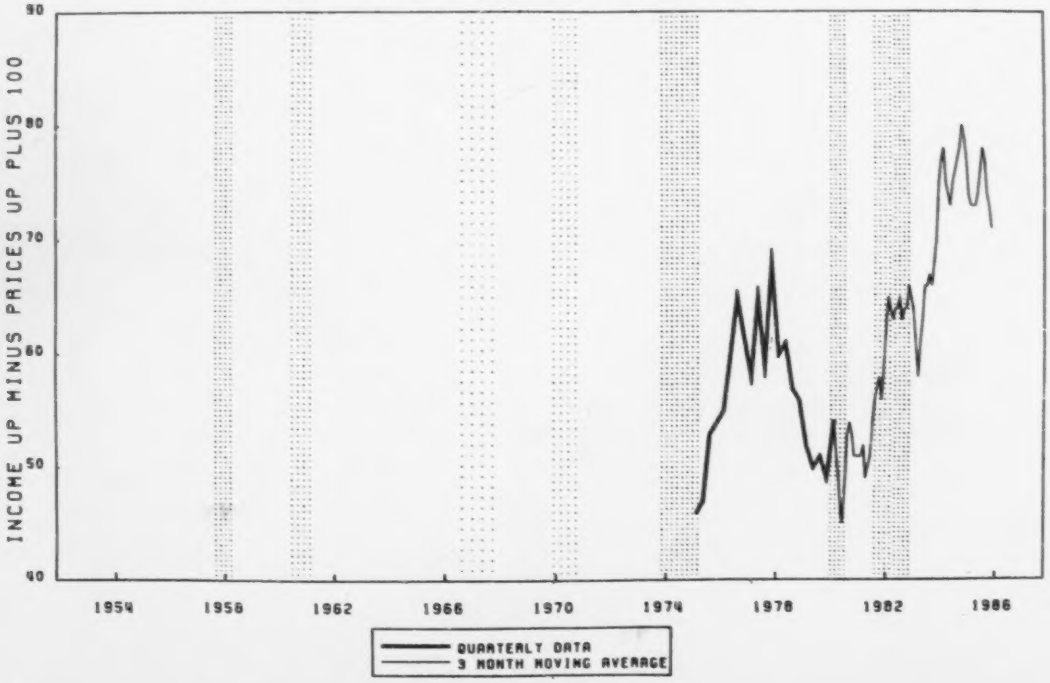


TABLE 9

PAST CHANGE IN REAL FAMILY INCOME

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
INCOME UP MORE	21%	19%	16%	19%	19%	18%	22%	22%	19%	19%	19%	19%	17%
INCOME UP SAME	31	35	40	34	35	34	32	35	36	34	33	32	34
PRICES UP MORE	46	45	43	46	45	47	45	41	44	45	46	48	47
DK,NA	2	1	1	1	1	1	1	2	1	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

CHART 10 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

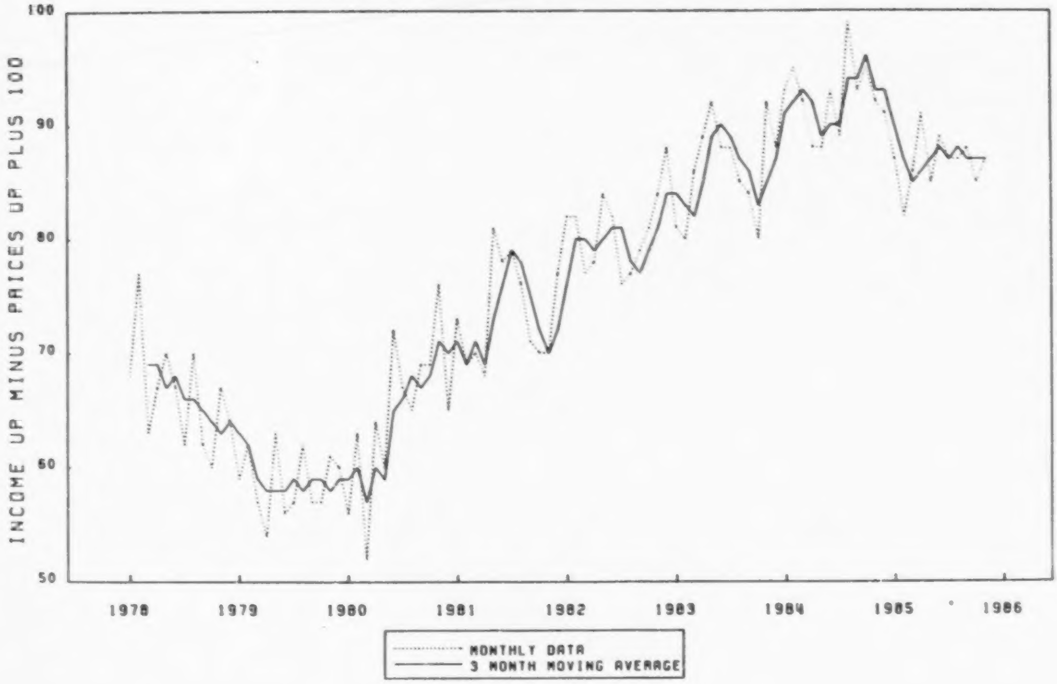


CHART 10 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

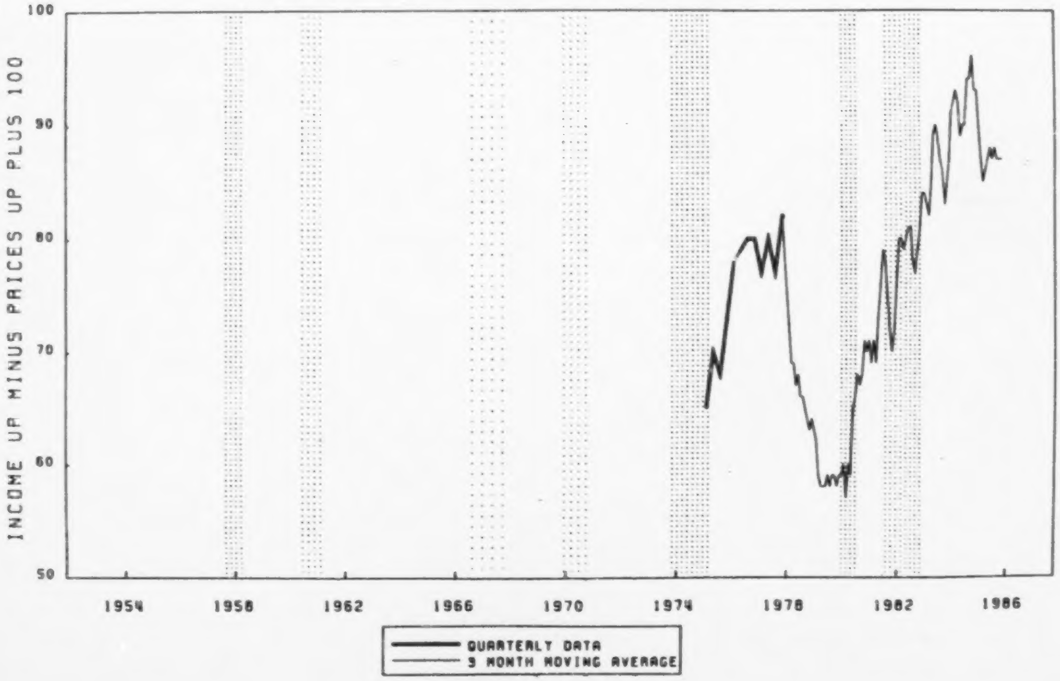


TABLE 10

EXPECTED CHANGE IN REAL FAMILY INCOME

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
INCOME UP MORE	23%	21%	20%	20%	18%	23%	22%	19%	19%	22%	22%	20%	20%
INCOME UP SAME	44	46	45	40	49	42	39	48	47	40	42	43	43
PRICES UP MORE	31	30	33	38	32	32	37	30	32	35	34	35	33
DK,NA	2	3	2	2	1	3	2	3	2	3	2	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11 - RECENT CHANGES
TREND IN INCOME AND PRICE COMPARISON

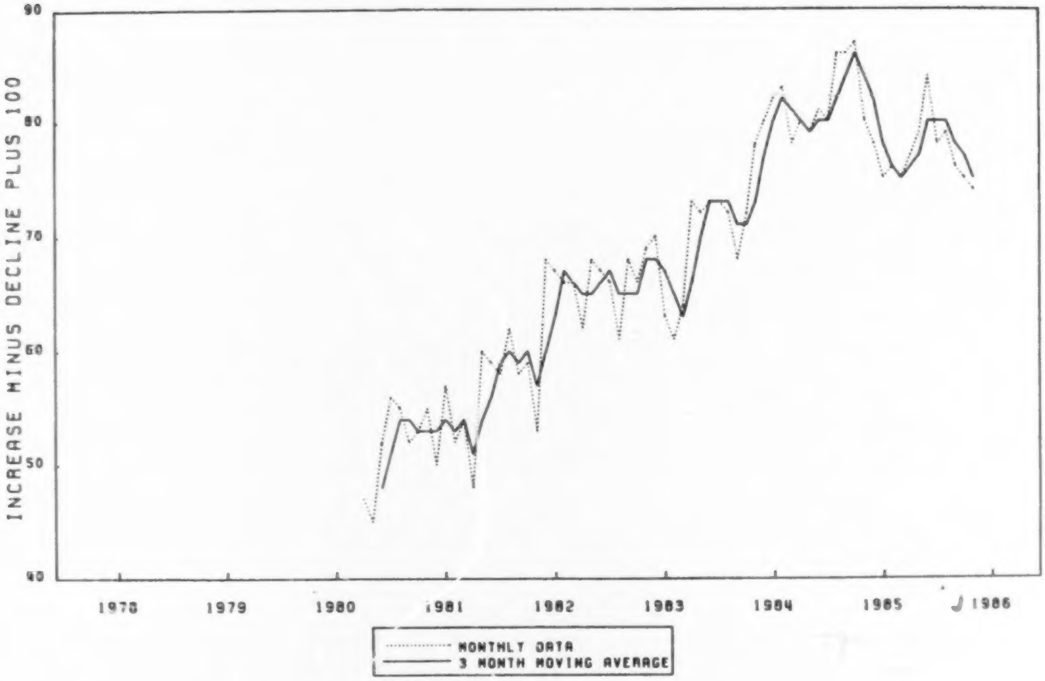


CHART 11 - HISTORICAL SERIES
TREND IN INCOME AND PRICE COMPARISON

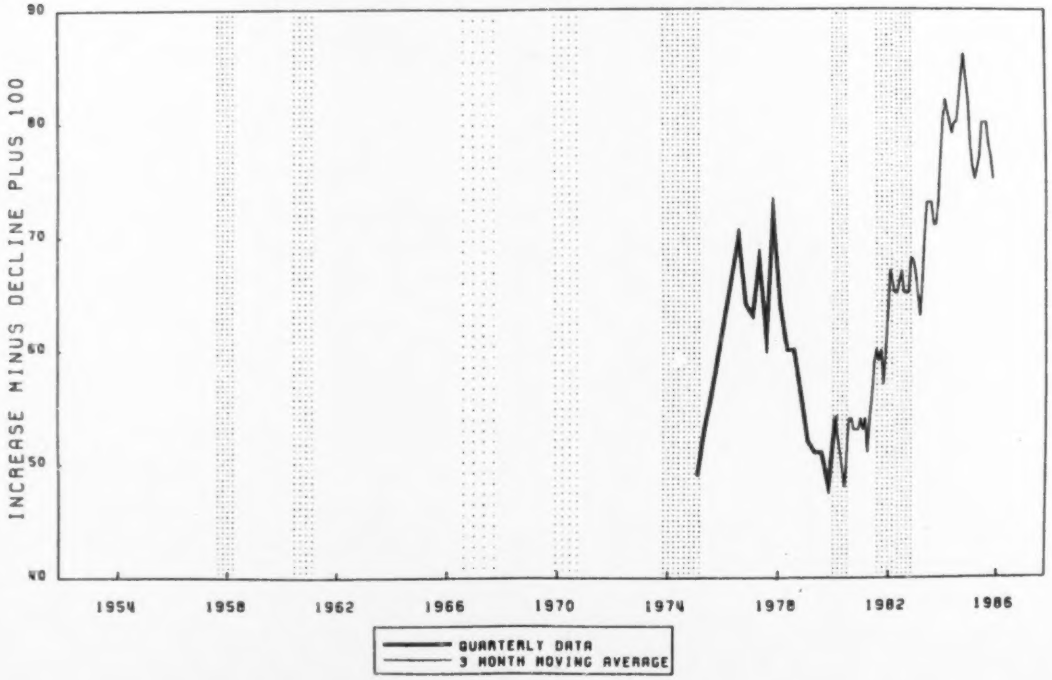


TABLE 11

TREND IN FAMILY INCOME AND PRICES COMPARISONS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
REAL INCOME PROGRESS:													
Continuous increase (a)	12%	10%	8%	10%	9%	11%	12%	9%	8%	10%	11%	10%	10%
Intermittent increase (b)	14	12	13	14	14	11	13	17	14	14	11	12	11
Remain unchanged (c)	19	23	24	20	23	22	20	22	24	20	21	21	22
Intermittent decline (d)	22	22	23	19	24	20	18	20	21	18	20	19	22
Continuous decline (e)	24	22	23	29	24	25	28	22	23	27	26	28	25
Mixed change (f)	6	8	6	6	4	7	7	6	7	8	7	6	6
DK,NA	3	3	3	2	2	4	2	4	3	3	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year
(b) Income up more/Same or Income up same/More
(c) Income up same/Same
(d) Prices up more/Same or Prices up same/More
(e) Prices up more/More
(f) Income up more/Prices up more or Prices up more/Income up more

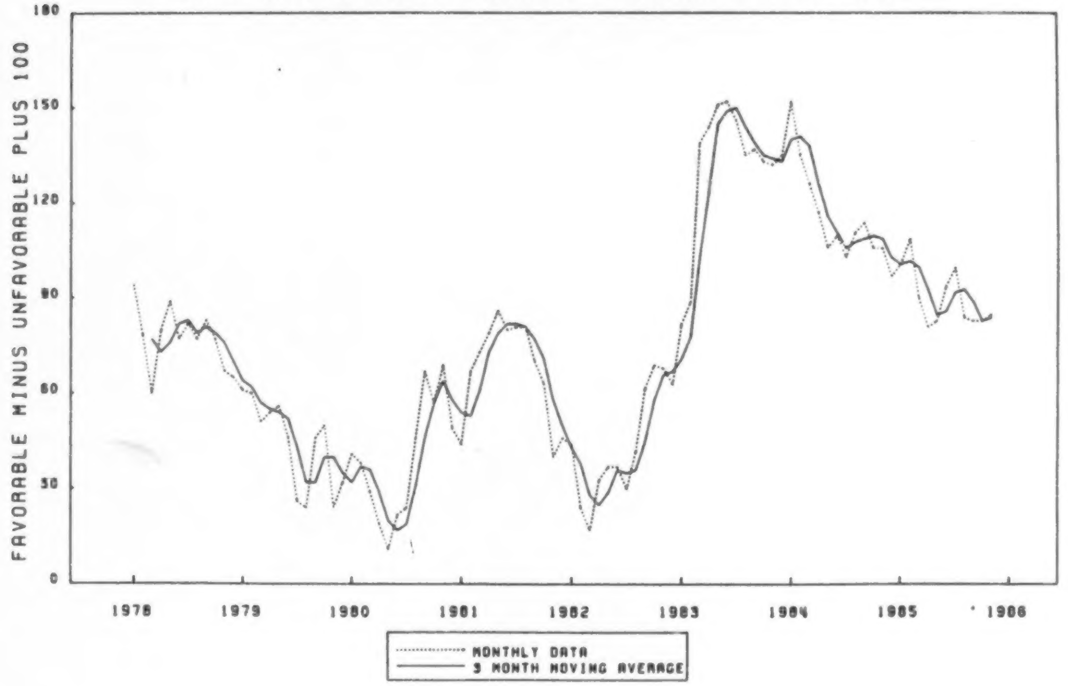


CHART 12 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

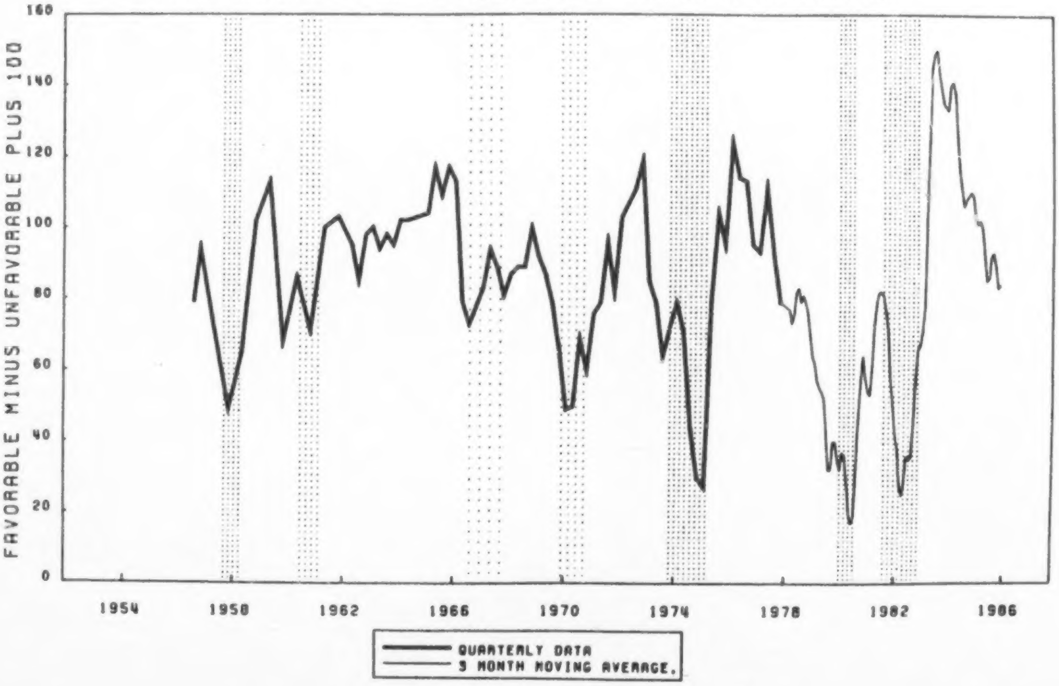


CHART 12 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

TABLE 12

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
FAVORABLE NEWS	41%	39%	43%	50%	35%	30%	30%	37%	40%	30%	31%	28%	32%
UNFAVORABLE NEWS	35	42	42	41	45	49	47	43	40	46	48	45	47
NO MENTIONS	49	46	44	41	48	49	48	50	46	49	47	52	47

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 13A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

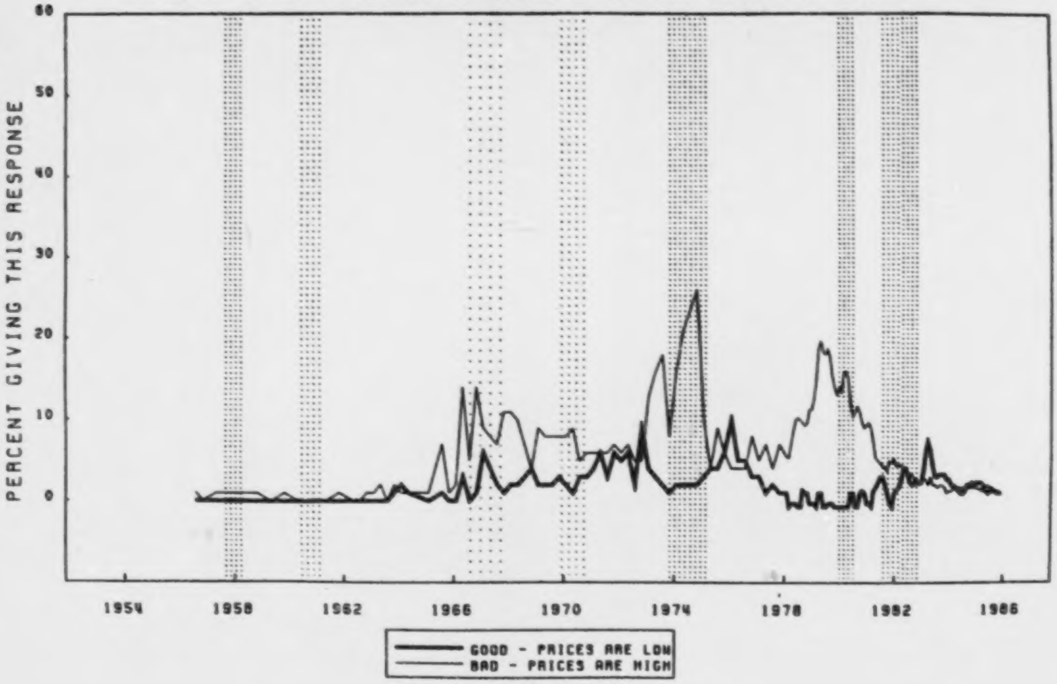


CHART 13B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

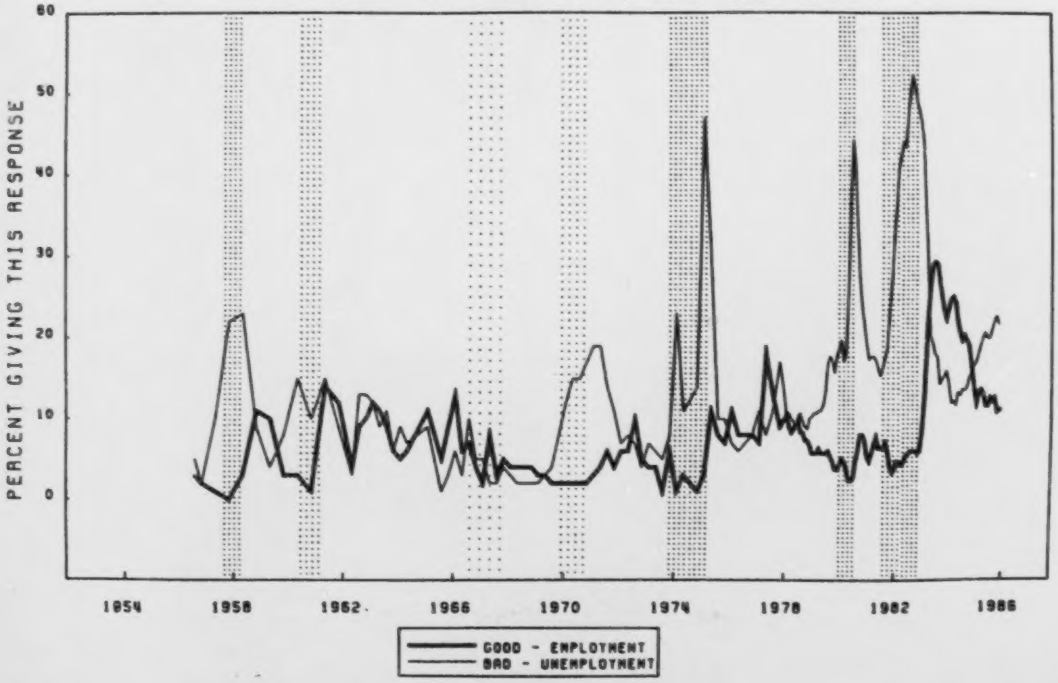


TABLE 13

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
FAVORABLE NEWS:													
Government; elections	2%	3%	4%	3%	2%	1%	2%	5%	2%	1%	1%	1%	3%
Employment	13	11	12	17	12	11	12	12	14	11	13	9	12
Consumer demand high	4	5	5	5	5	3	3	4	3	2	4	3	3
Prices are low	3	2	2	3	2	1	1	1	2	1	1	1	1
Credit is easy	8	9	10	9	5	4	3	7	10	8	6	4	6
UNFAVORABLE NEWS:													
Government; elections	3	6	5	6	5	5	4	6	4	4	5	5	4
Unemployment	16	17	18	19	20	21	21	18	21	24	21	23	21
Consumer demand low	2	3	3	3	2	3	3	3	2	3	2	1	2
Prices are high	2	2	1	2	1	2	2	2	1	2	1	1	2
Credit is tight	3	2	2	1	2	2	2	1	1	1	1	1	2
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 14 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

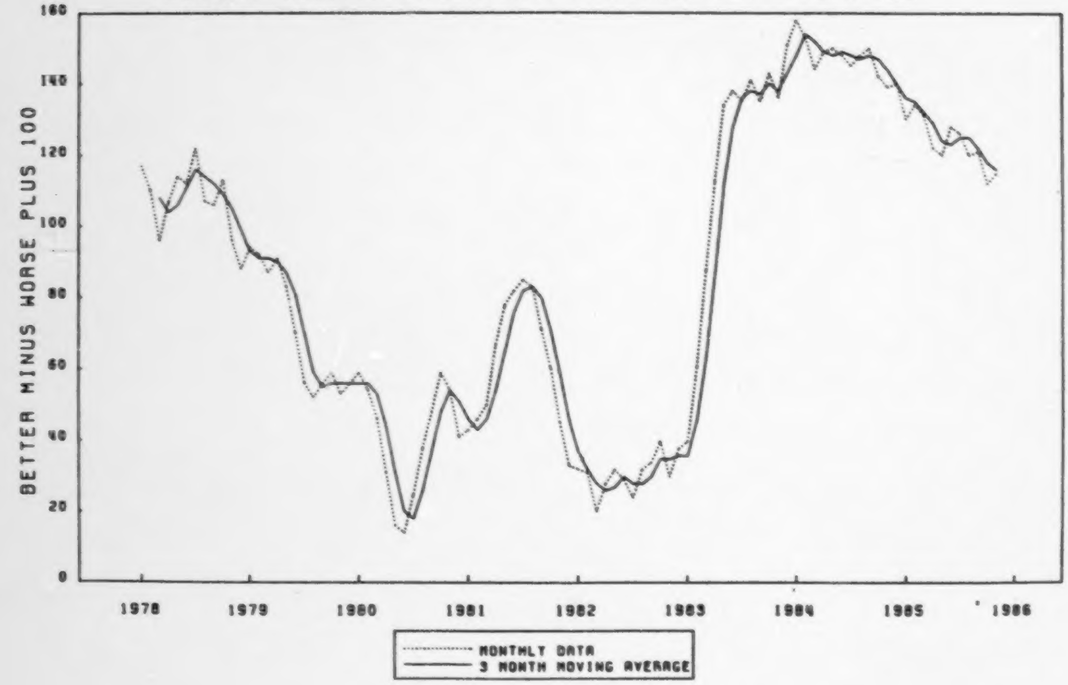


CHART 14 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

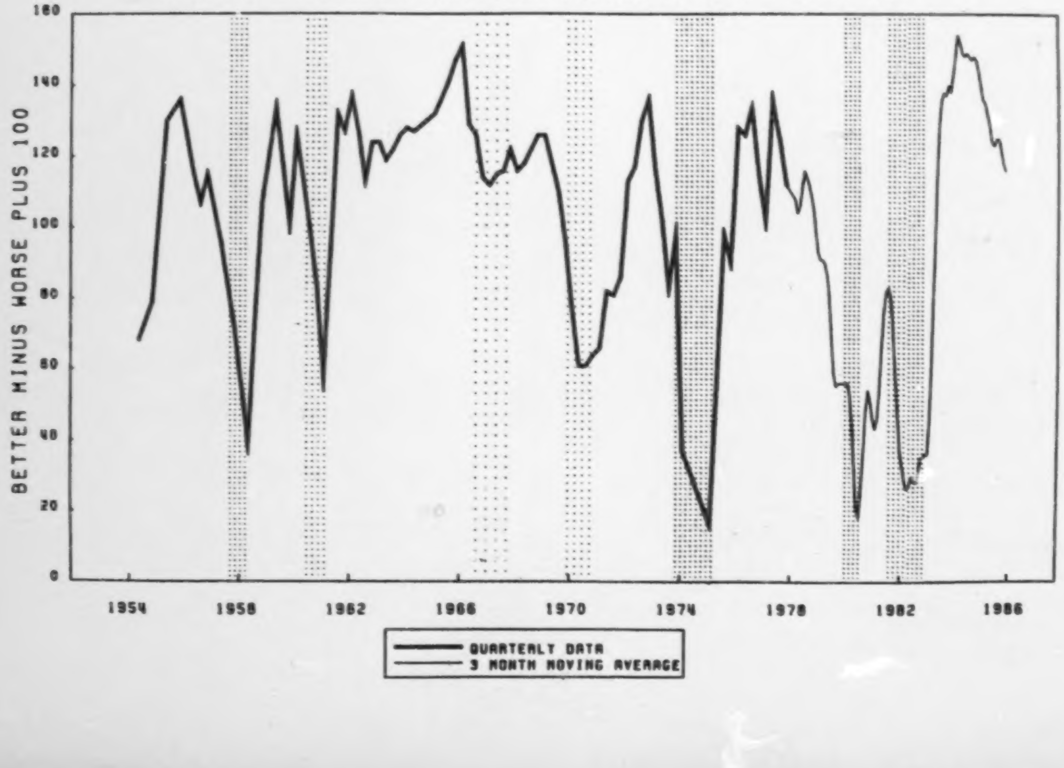


TABLE 14

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
BETTER NOW	63%	63%	57%	60%	57%	51%	53%	56%	56%	51%	52%	47%	50%
SAME	12	13	14	12	15	17	13	14	13	16	14	16	12
WORSE NOW	24	23	27	26	26	29	33	28	30	31	31	35	35
DK,NA	1	1	2	2	2	3	1	2	1	2	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 15 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

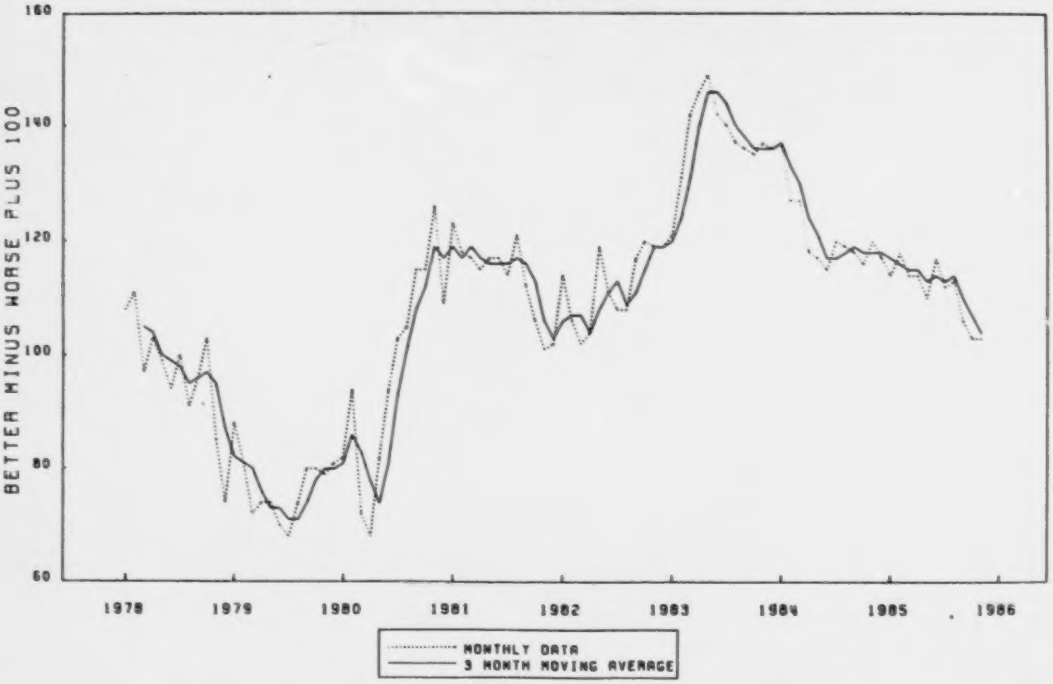


CHART 15 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

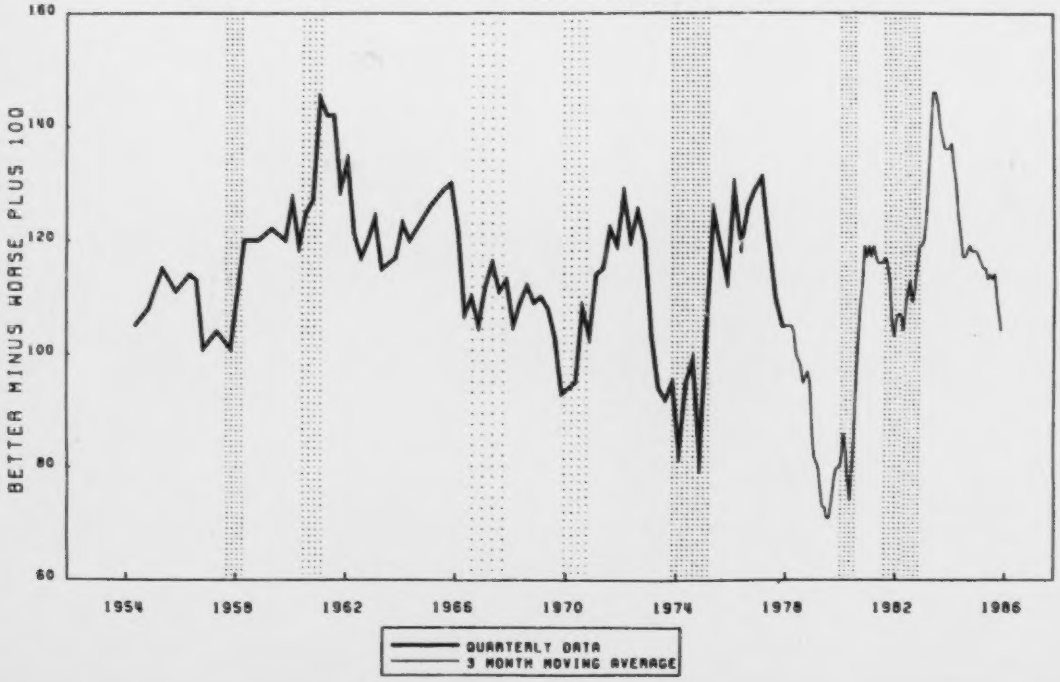


TABLE 15

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
BETTER	35%	33%	29%	33%	29%	29%	27%	29%	26%	27%	23%	23%	21%
SAME	48	47	55	50	53	53	54	57	57	57	58	54	59
WORSE	15	16	15	15	15	15	17	12	14	14	17	20	18
DK,NA	2	4	1	2	3	3	2	2	3	2	2	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 16A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

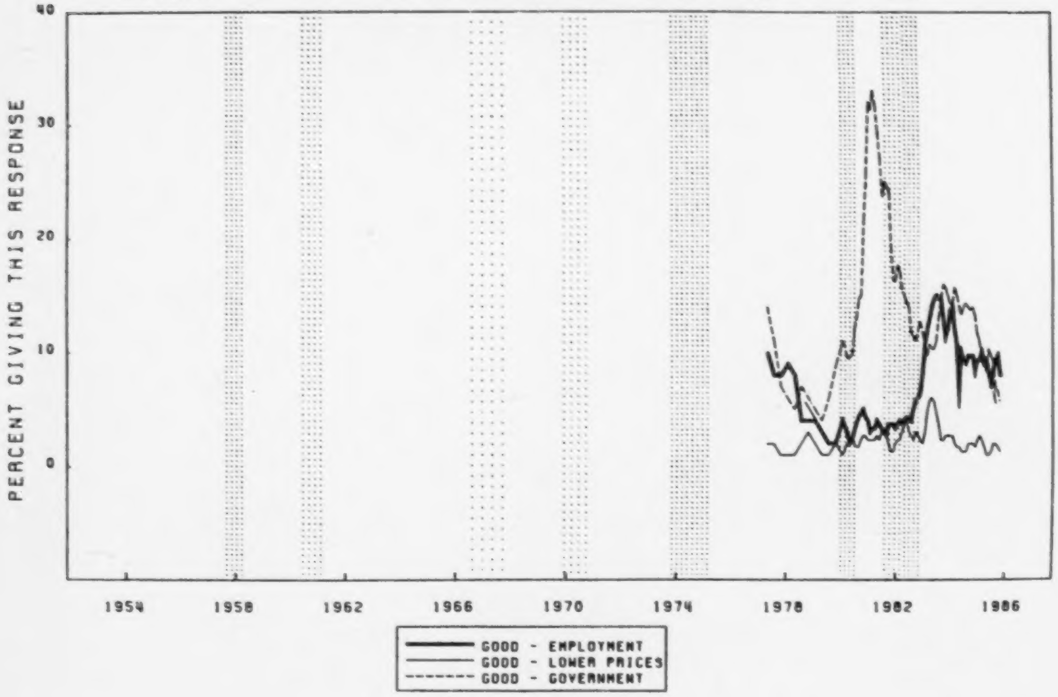


CHART 16B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

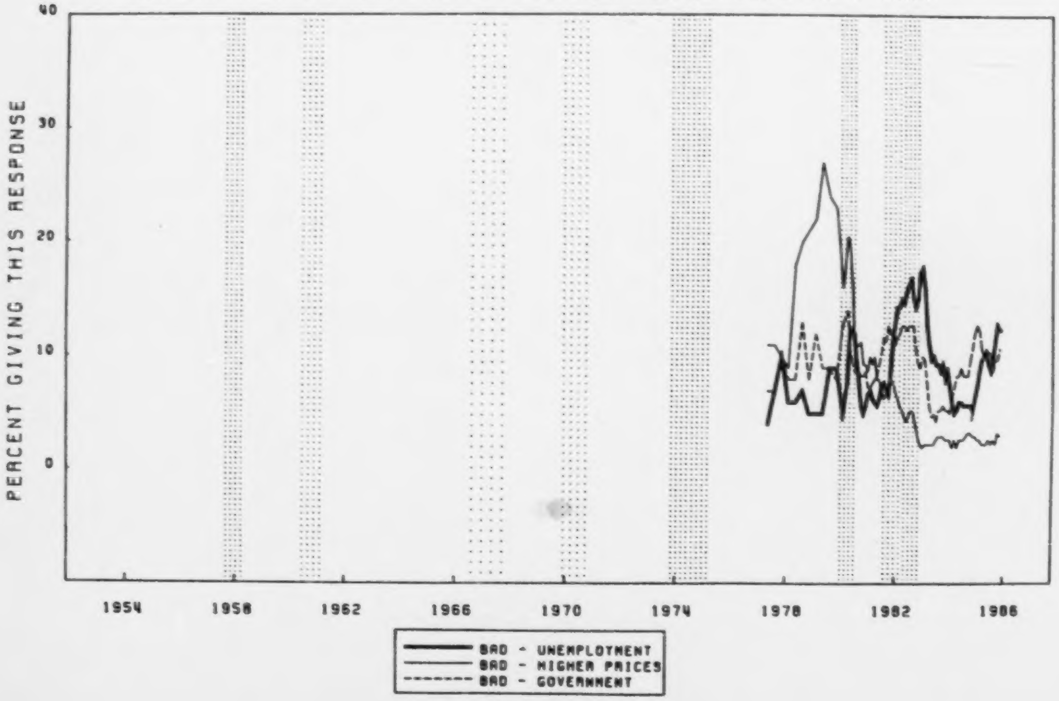


TABLE 16

REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
FAVORABLE REASONS:													
Government; elections	14%	12%	9%	12%	8%	9%	8%	14%	7%	7%	6%	7%	4%
Employment	8	8	12	8	10	9	9	7	6	12	10	7	7
Higher consumer demand	5	4	4	4	5	5	4	5	2	3	4	3	4
Lower prices	2	2	3	3	1	1	1	1	2	3	1	1	2
Easier credit	5	6	4	4	4	3	2	6	5	6	3	2	4
UNFAVORABLE REASONS:													
Government; elections	12	15	11	11	10	9	13	9	9	8	12	9	11
Unemployment	.5	8	9	9	11	10	10	8	8	13	13	12	12
Lower consumer demand	3	4	2	2	4	4	4	2	2	2	3	3	3
Higher prices	3	3	2	3	2	2	3	3	1	4	2	4	3
Tighter credit	3	3	4	3	2	2	1	1	1	2	1	1	1
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 17 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

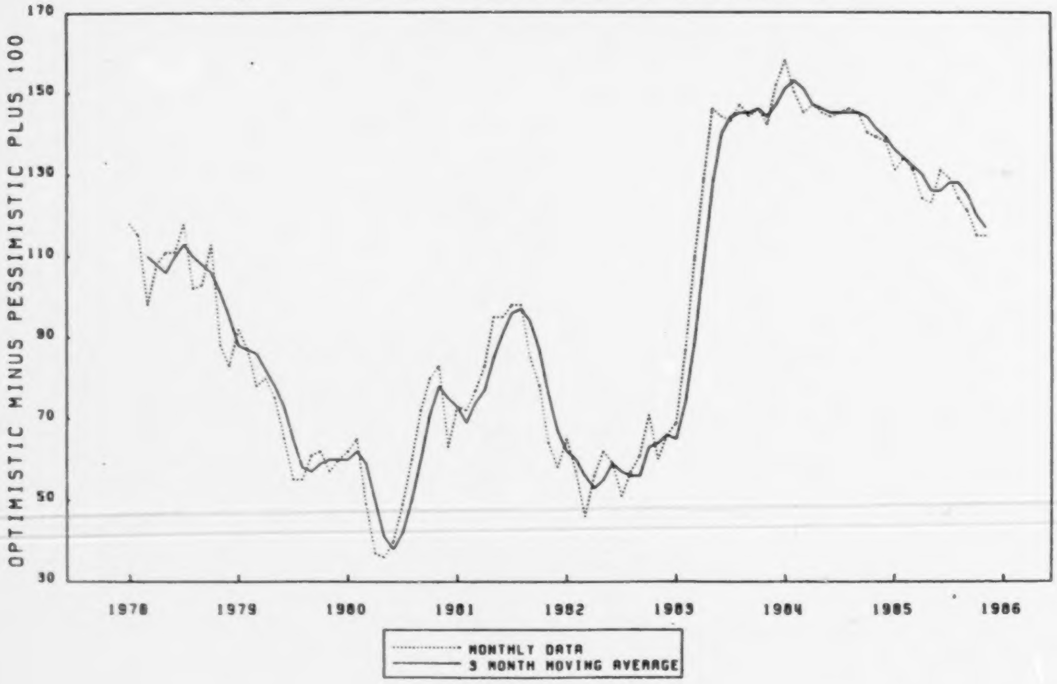


CHART 17 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

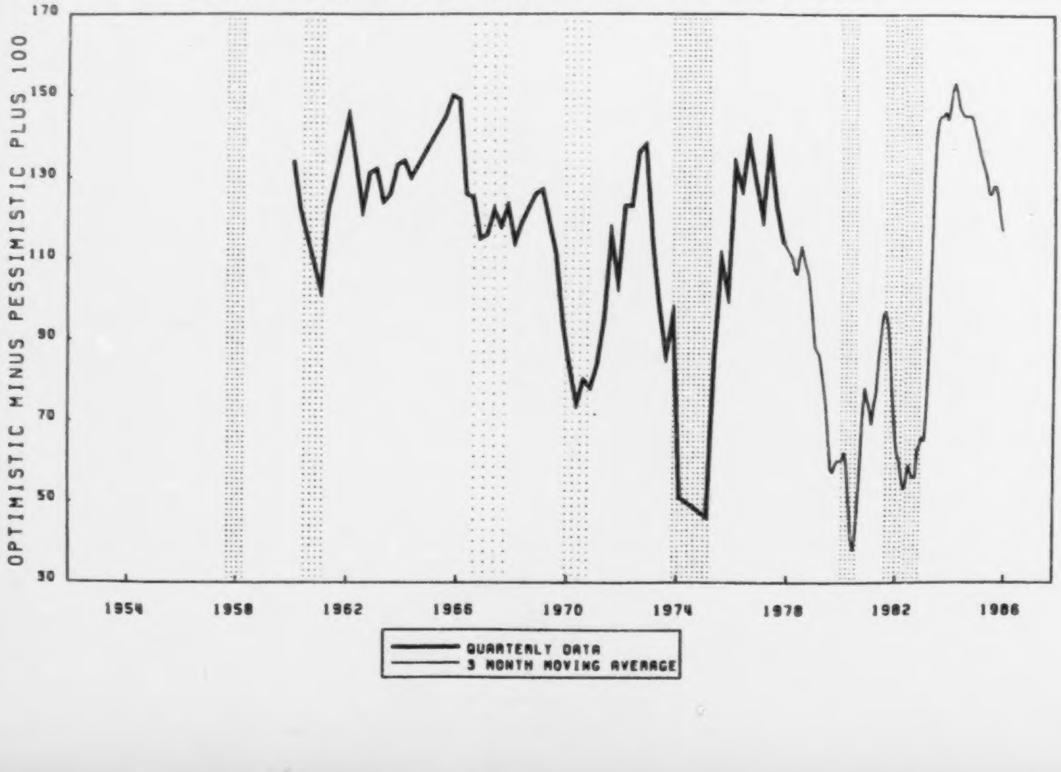


TABLE 17

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
TREND:													
Continuous increase (a)	28%	27%	21%	26%	22%	21%	18%	22%	19%	19%	16%	16%	14%
Intermittent increase (b)	32	32	36	31	33	29	34	34	36	33	34	31	34
Remain unchanged (c)	6	7	8	7	9	11	8	9	9	10	9	10	8
Intermittent decline (d)	14	13	17	15	15	18	18	17	16	18	19	18	21
Continuous decline (e)	7	8	9	8	9	8	11	8	10	10	10	14	12
Mixed change (f)	9	9	7	9	8	8	8	6	6	7	8	7	7
DK,NA	4	4	2	4	4	5	3	4	4	3	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

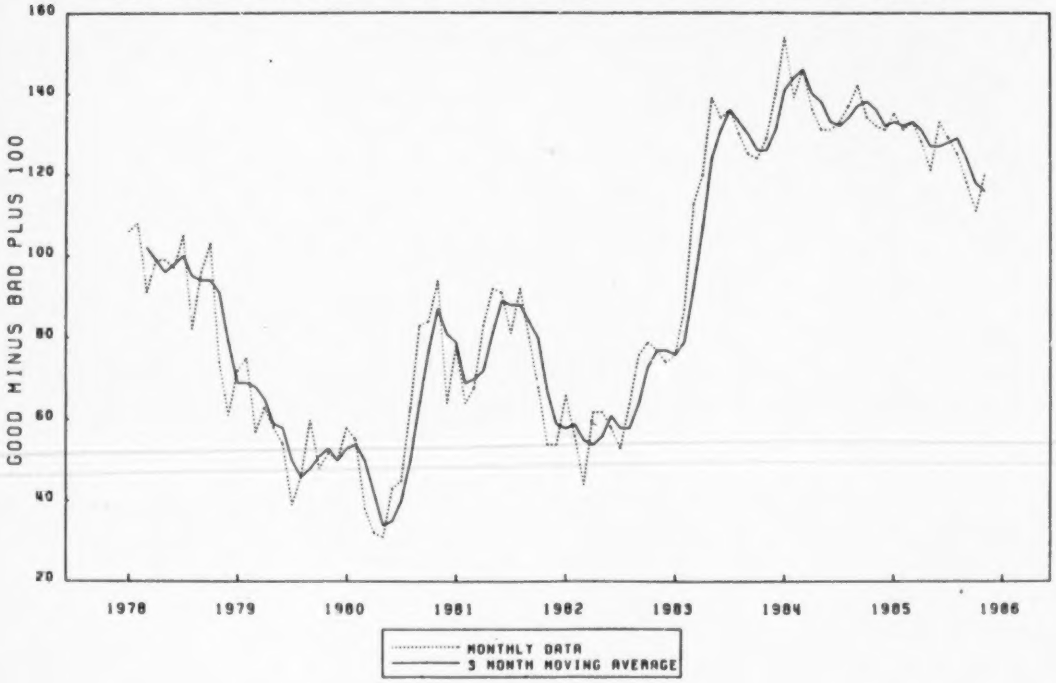


CHART 18 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

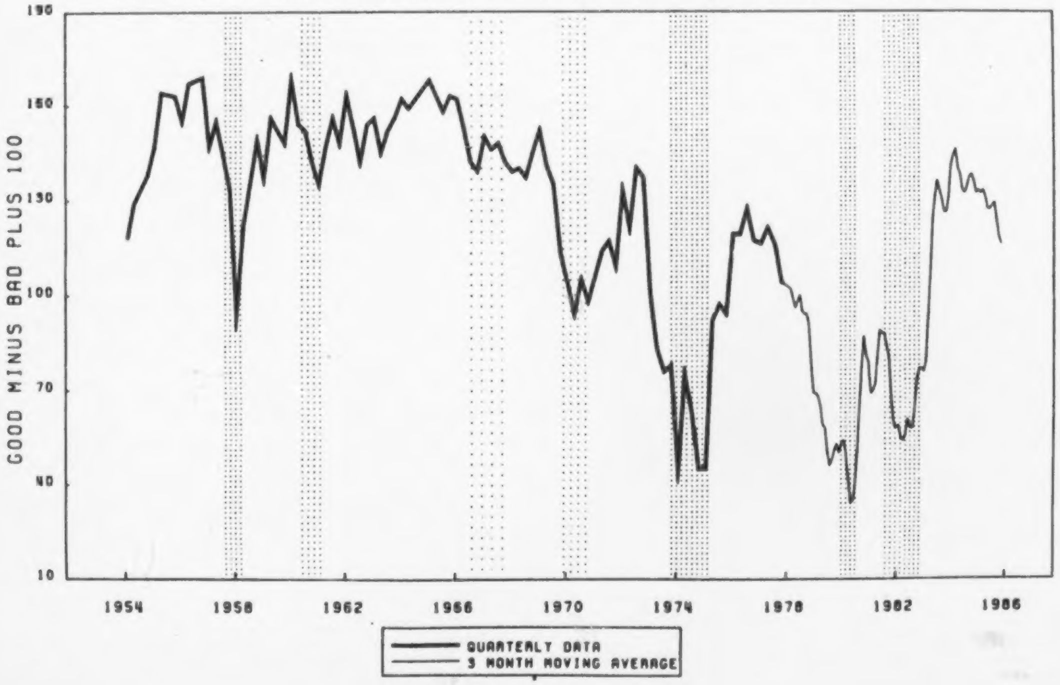


TABLE 18

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIMES	59%	59%	63%	62%	62%	58%	55%	59%	58%	57%	52%	49%	53%
UNCERTAIN; GOOD & BAD	3	3	4	2	2	3	1	3	3	4	4	3	4
BAD TIMES	27	28	28	31	29	30	34	26	29	32	34	38	33
DON'T KNOW	7	7	4	3	5	6	6	5	7	4	8	5	6
NOT ASCERTAINED	4	3	1	2	2	3	4	7	3	3	2	5	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 19 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

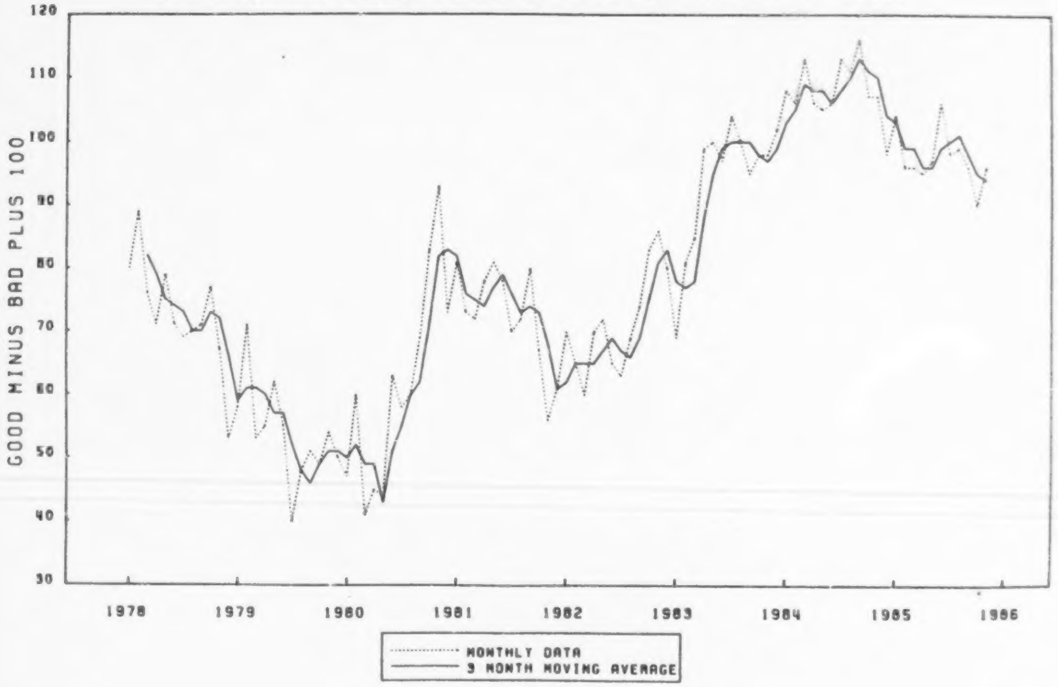


CHART 19 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

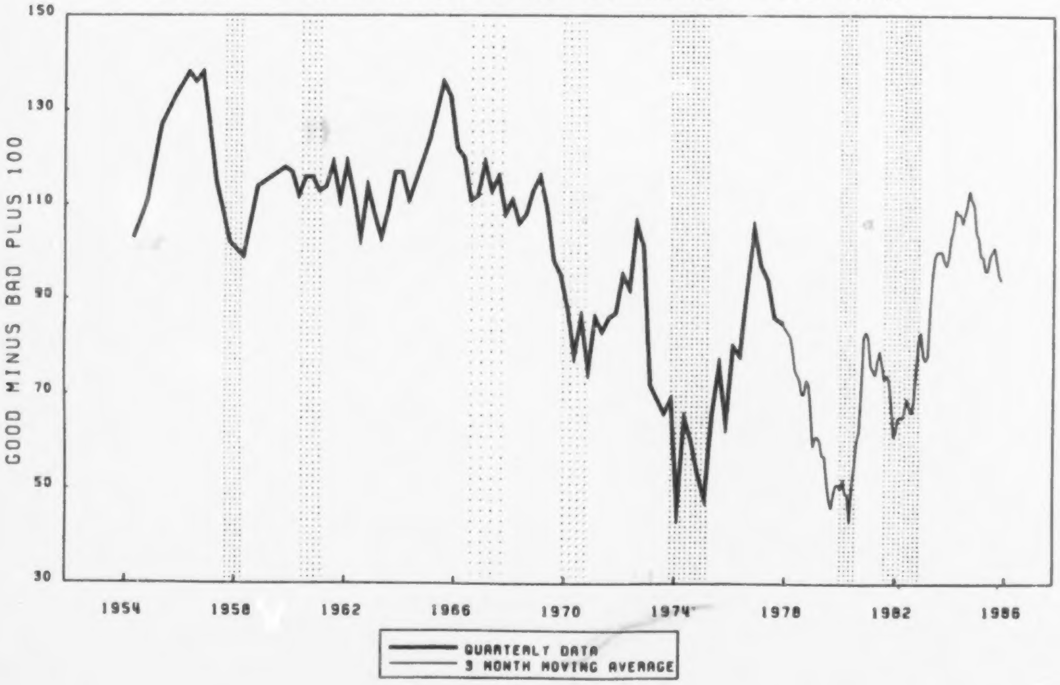


TABLE 19

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIMES	42%	39%	43%	41%	40%	39%	40%	43%	41%	41%	38%	35%	38%
UNCERTAIN; GOOD & BAD	17	15	15	11	13	14	14	17	13	14	16	15	14
BAD TIMES	35	41	39	45	44	44	43	37	43	42	42	45	42
NOT ASCERTAINED	6	5	3	3	3	3	3	3	3	3	4	5	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 20 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

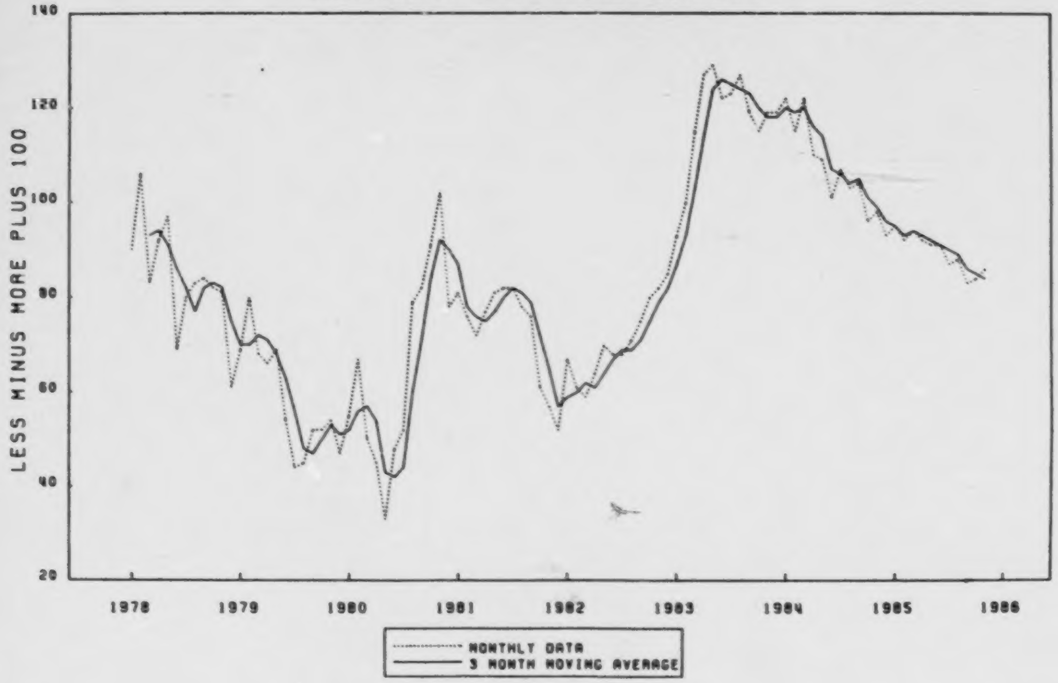


CHART 20 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

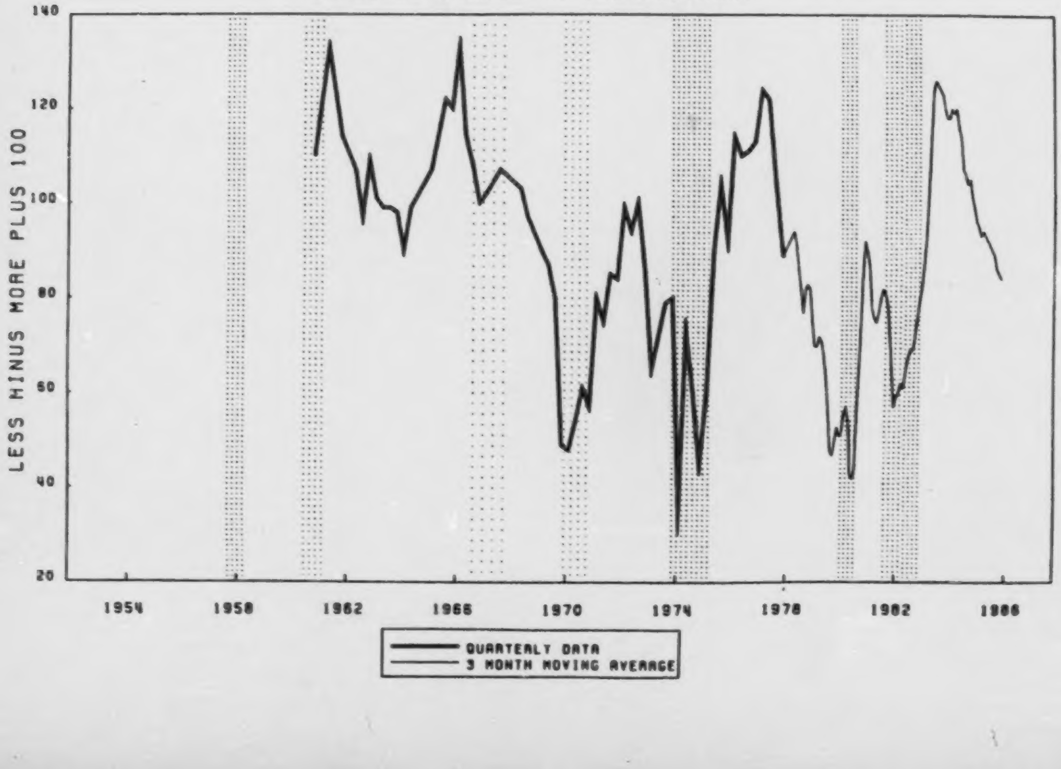


TABLE 20

EXPECTED CHANGE IN UNEMPLOYMENT

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
LESS	22%	21%	20%	20%	23%	20%	19%	16%	14%	17%	14%	16%	15%
SAME	52	50	54	50	47	50	52	58	58	52	53	51	54
MORE	24	28	25	28	29	28	28	25	27	29	31	32	29
DK,NA	2	1	1	2	1	2	1	1	1	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 21 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

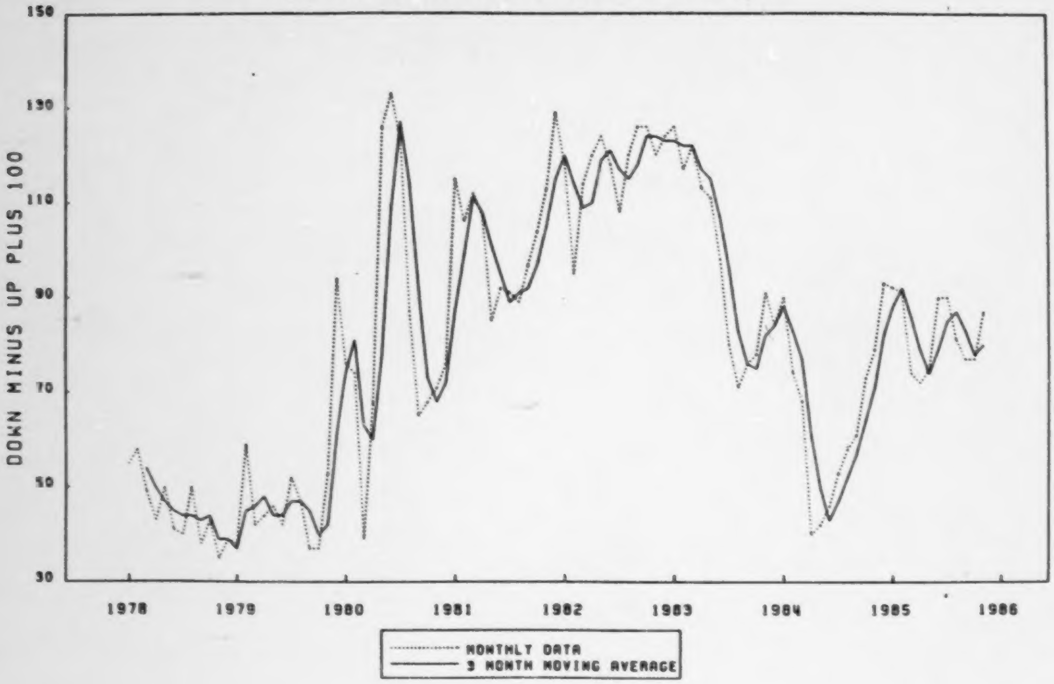


CHART 21 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

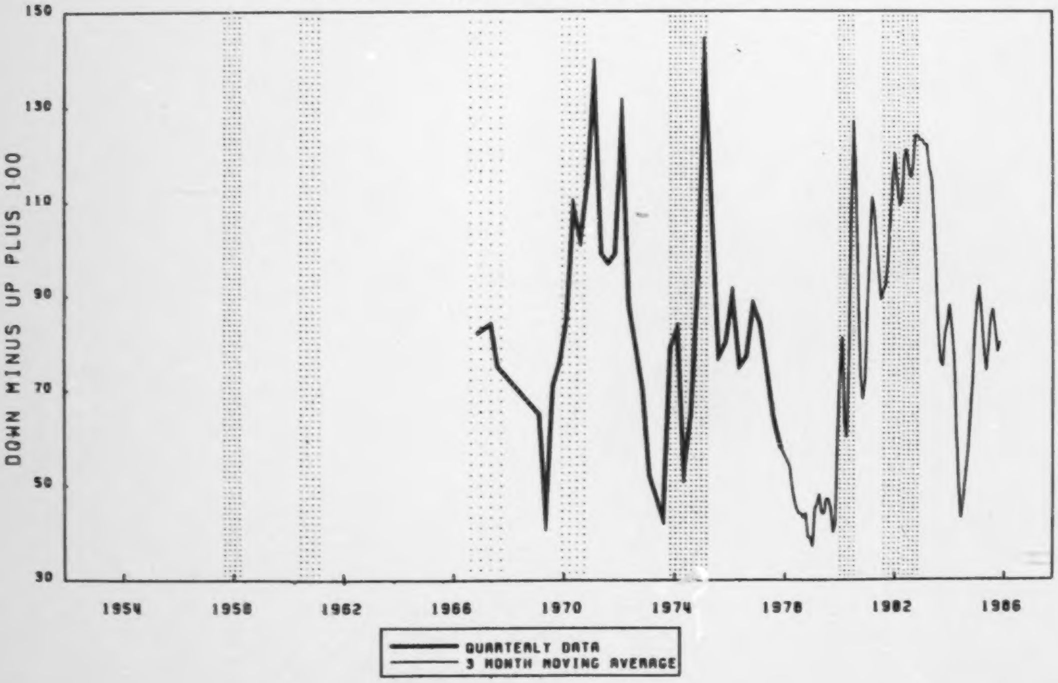


TABLE 21

EXPECTED CHANGE IN INTEREST RATES

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GO UP	44%	37%	36%	35%	45%	47%	44%	36%	35%	41%	43%	44%	36%
STAY THE SAME	31	30	33	37	32	31	34	36	38	35	34	33	37
GO DOWN	23	30	28	26	19	19	19	26	25	22	20	21	23
DK,NA	2	3	3	2	4	3	3	2	2	2	3	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

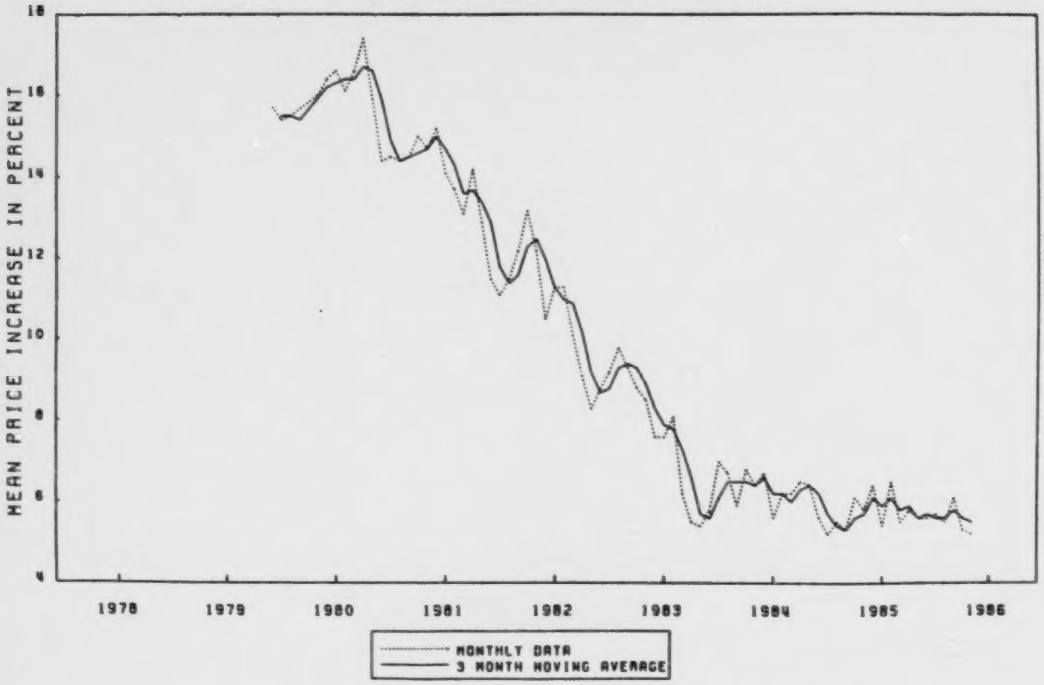


CHART 22 - RECENT CHANGES

CHANGE IN PRICES DURING THE LAST 12 MONTHS

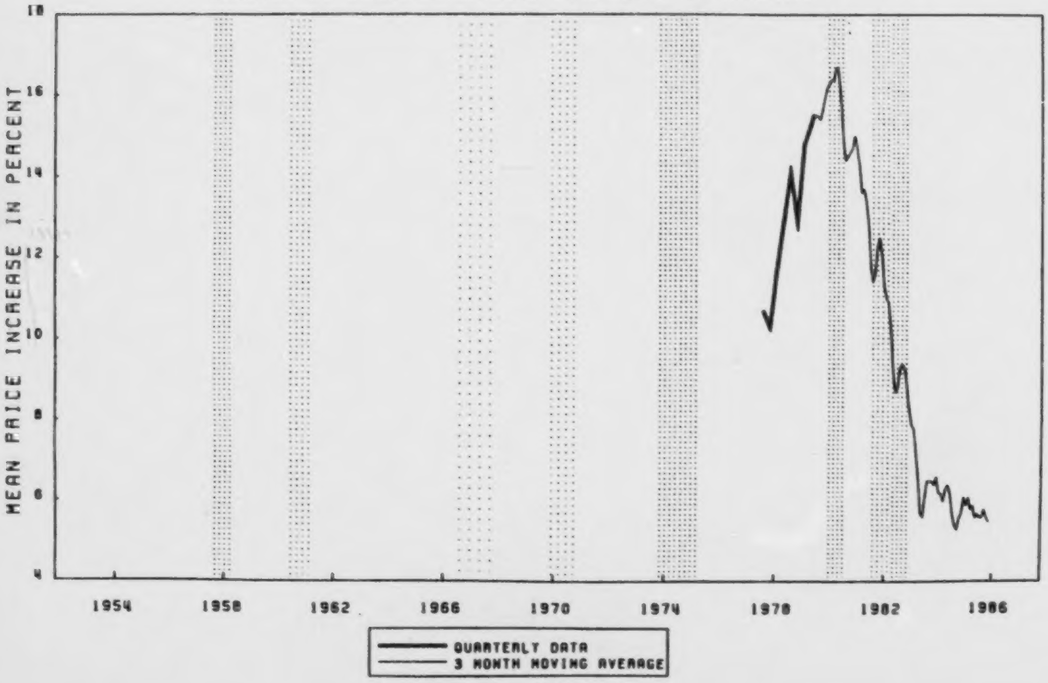


CHART 22 - HISTORICAL SERIES

CHANGE IN PRICES DURING THE LAST 12 MONTHS

TABLE 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
SAME OR DOWN	27%	24%	25%	25%	28%	24%	23%	24%	25%	23%	26%	28%	26%
GONE UP BY:													
1-2%	11	9	11	11	11	10	13	12	13	10	12	10	13
3-4%	15	14	17	16	18	17	18	18	16	19	18	17	17
5%	14	18	17	13	14	16	16	13	16	19	13	14	15
6-9%	5	6	7	8	5	8	7	9	6	5	4	6	7
10-14%	11	11	10	11	10	13	9	11	11	11	12	12	9
15% or more	10	10	8	11	9	8	9	9	7	8	9	7	7
DK how much up	6	7	5	4	5	4	4	3	5	4	5	5	5
DK,NA	1	1	*	1	*	*	1	1	1	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.8	6.4	5.4	6.5	5.5	5.8	5.6	5.6	5.7	5.5	6.1	5.3	5.2
VARIANCE	76	86	66	93	72	64	72	61	82	58	92	69	69
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up,on the average, during the last 12 months?"

* : Less than half of one percent.

CHART 23 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

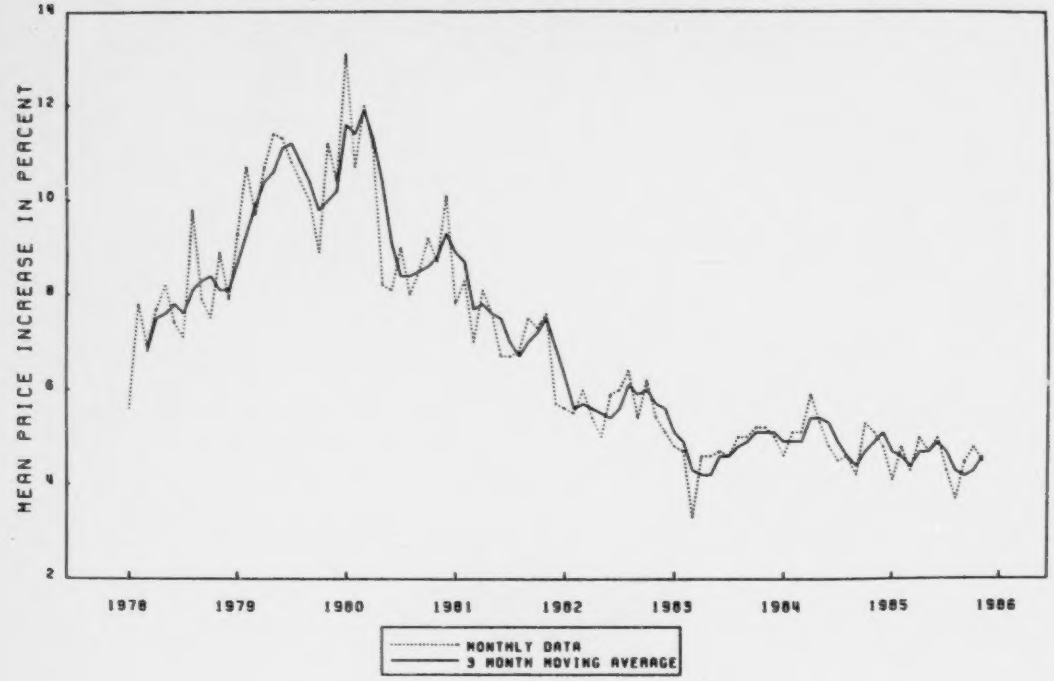


CHART 23 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

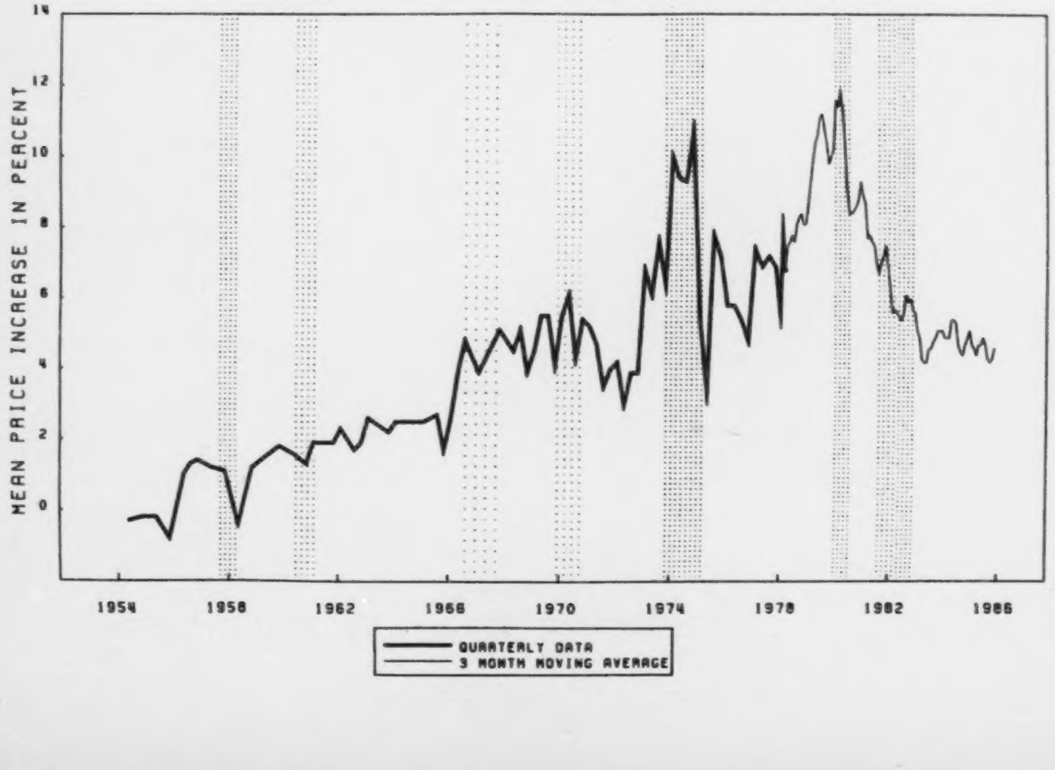


TABLE 23

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
SAME OR DOWN	23%	25%	26%	25%	26%	22%	20%	19%	24%	26%	26%	23%	25%
WILL GO UP BY:													
1-2%	14	13	16	14	15	13	17	16	19	18	18	13	14
3-4%	17	17	20	19	19	20	20	21	20	21	17	21	20
5%	18	16	15	15	15	16	20	19	14	16	14	15	16
6-9%	6	9	6	6	6	8	6	6	8	6	6	6	6
10-14%	9	9	7	10	9	11	7	9	6	6	9	12	9
15% or more	7	5	4	6	6	6	6	6	4	4	5	5	5
DK how much up	4	4	4	4	4	3	2	2	4	2	3	4	3
DK,NA	2	2	2	1	*	1	2	2	1	1	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.1	4.8	4.1	4.8	4.3	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5
VARIANCE	47	44	36	51	34	44	46	51	49	21	46	41	42
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 24 - RECENT CHANGES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

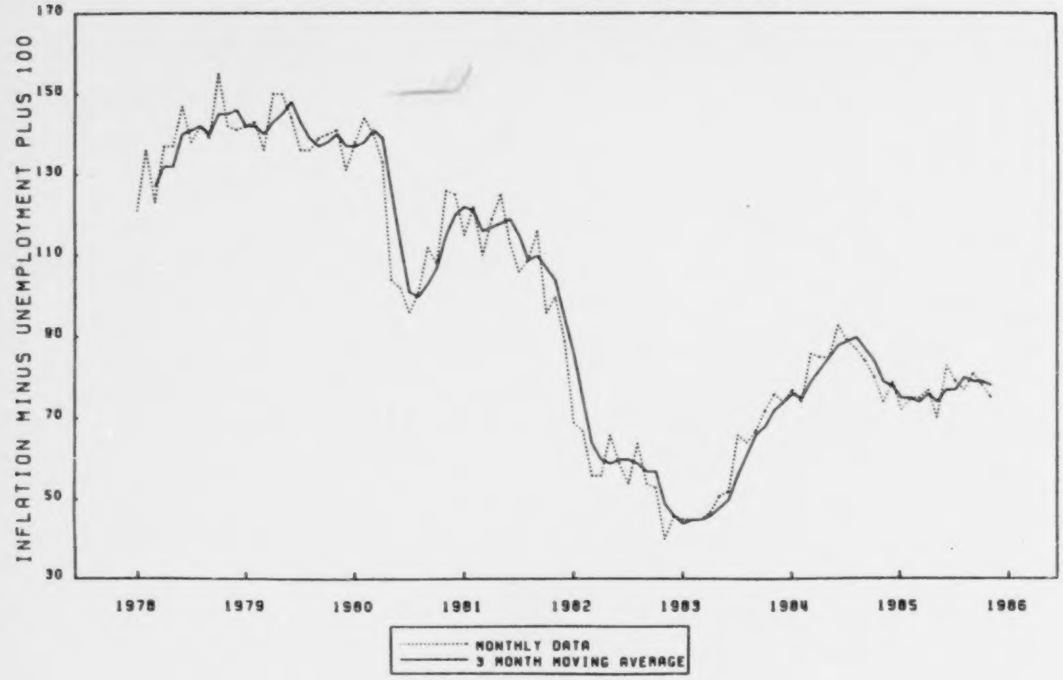


CHART 24 - HISTORICAL SERIES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

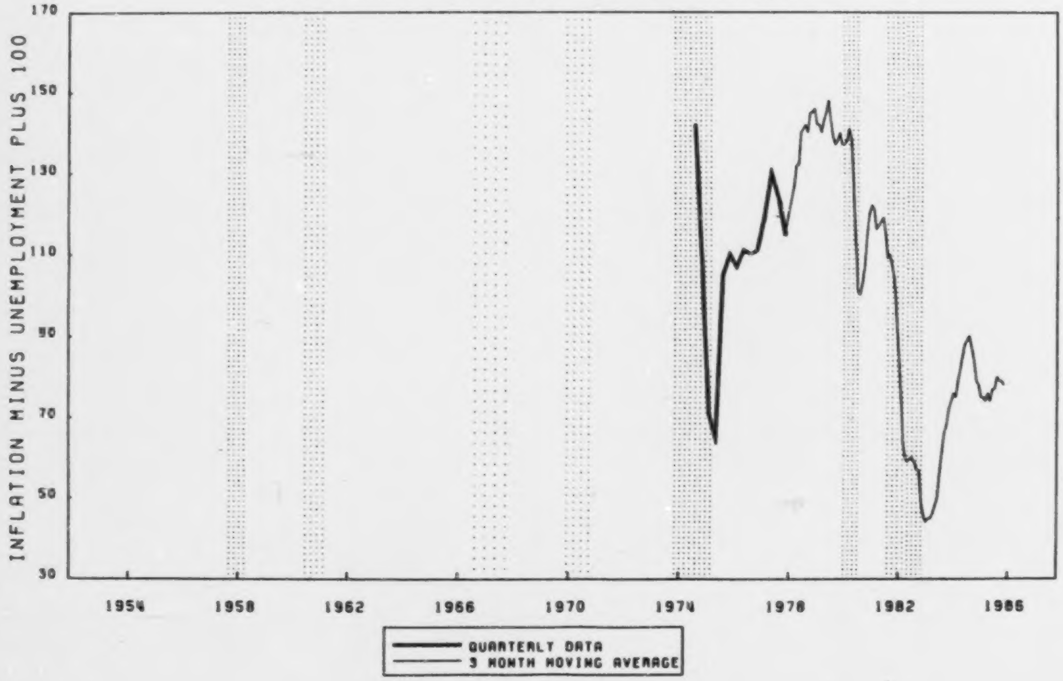


TABLE 24

UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
UNEMPLOYMENT	59%	56%	60%	58%	59%	57%	61%	55%	57%	57%	54%	56%	59%
BOTH EQUALLY SERIOUS	7	6	6	5	5	6	6	4	5	5	6	7	5
INFLATION	33	35	32	33	34	34	31	38	36	34	35	34	34
DK,NA	1	3	2	4	2	3	2	3	2	4	5	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

CHART 25 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

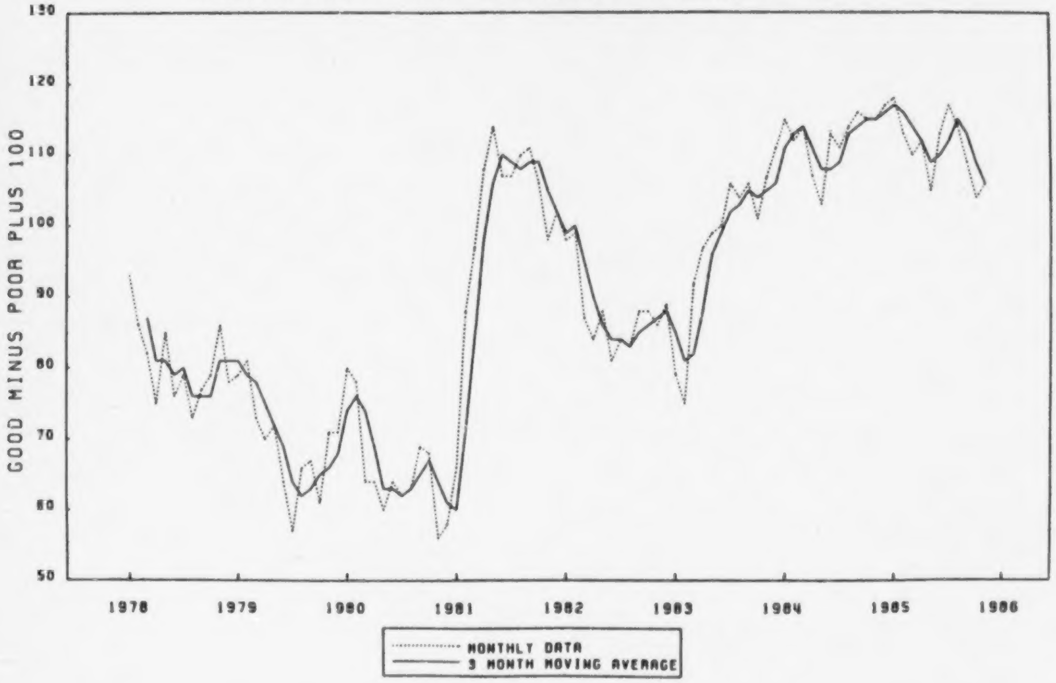


CHART 25 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

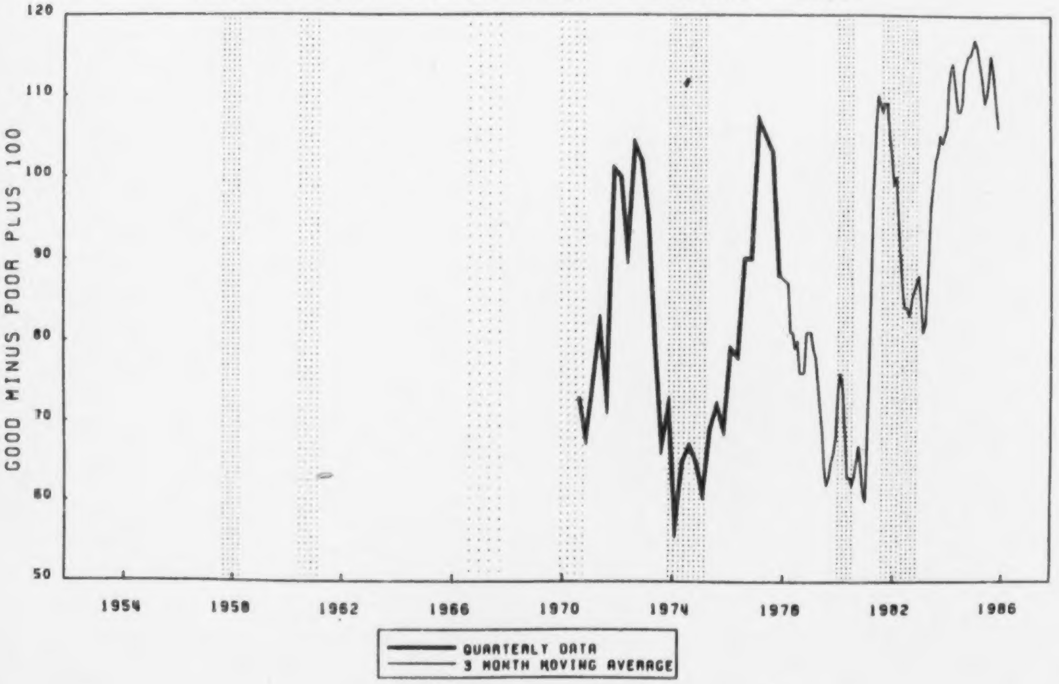


TABLE 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
A GOOD JOB	32%	33%	34%	33%	32%	30%	26%	29%	31%	29%	29%	25%	28%
ONLY FAIR	50	49	49	46	43	50	51	53	52	53	49	50	48
A POOR JOB	17	16	16	20	22	18	21	16	14	15	20	21	22
DK,NA	1	2	1	1	3	2	2	2	3	3	2	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 26 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

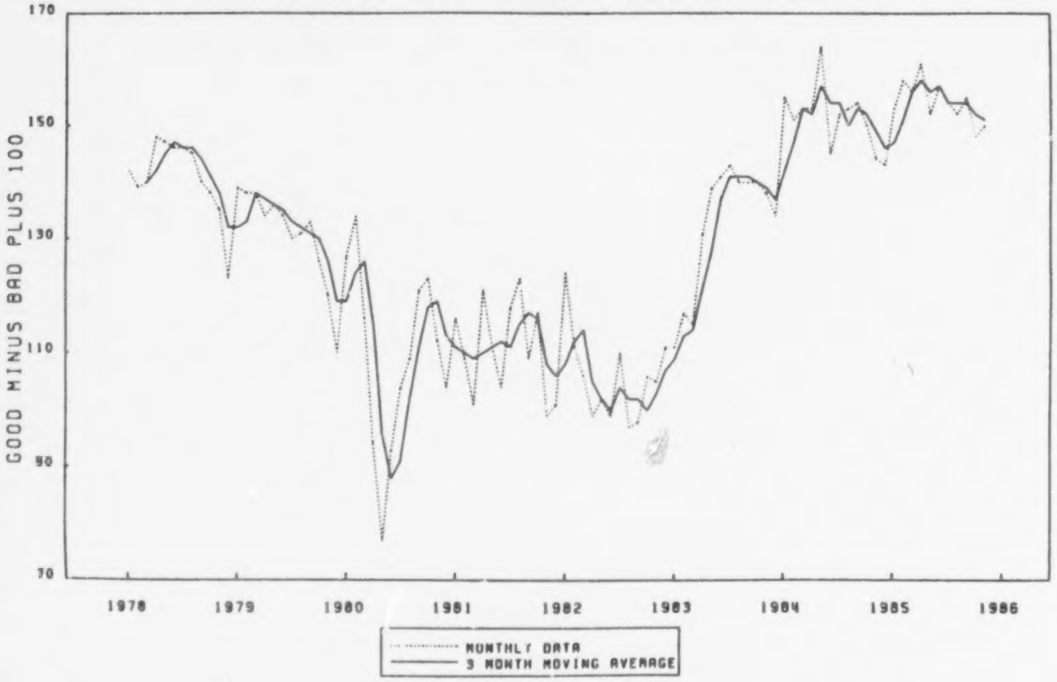


CHART 26 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

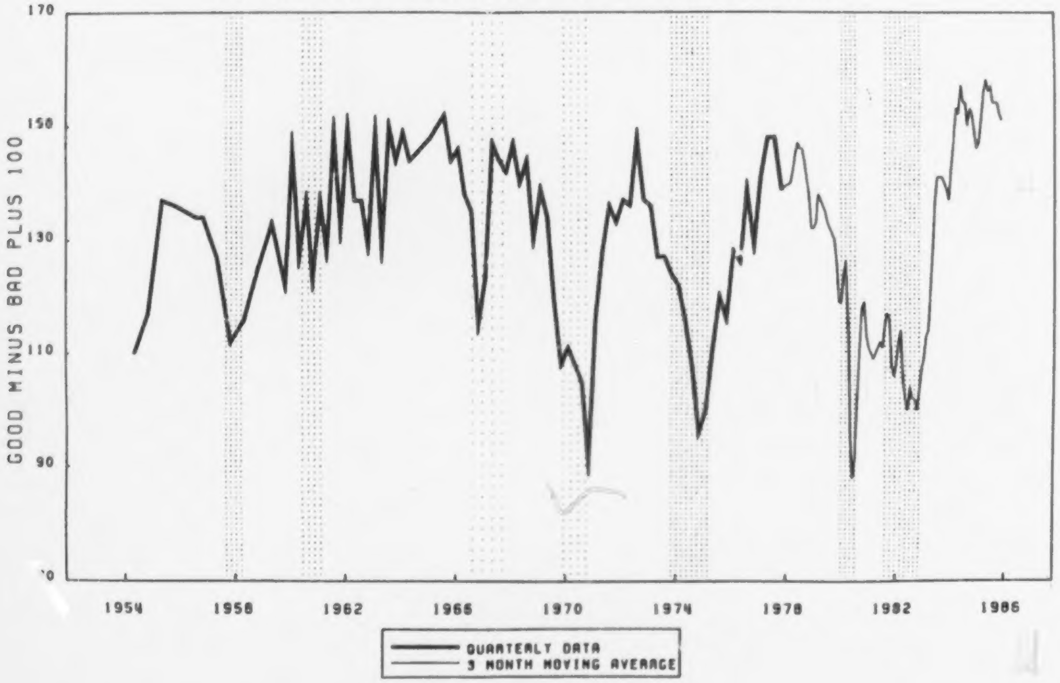


TABLE 26

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY	67%	67%	73%	75%	74%	77%	72%	74%	74%	69%	73%	69%	70%
UNCERTAIN, DEPENDS	10	9	7	8	8	7	8	9	6	14	9	10	10
BAD TIME TO BUY	23	24	20	17	18	16	20	17	20	17	18	21	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 27A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

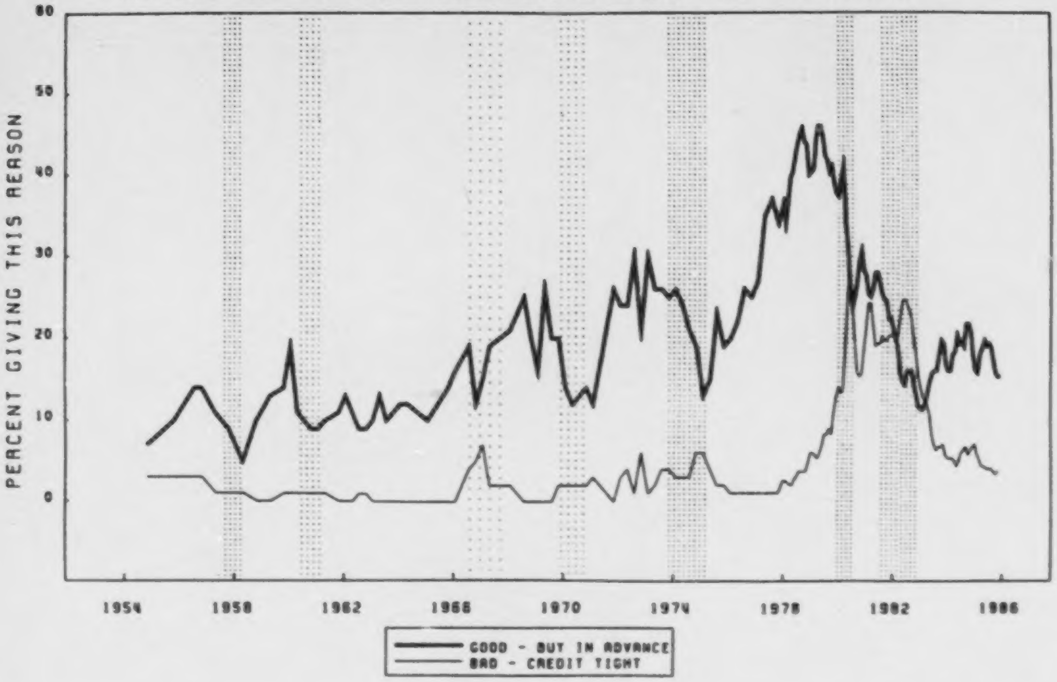


CHART 27B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

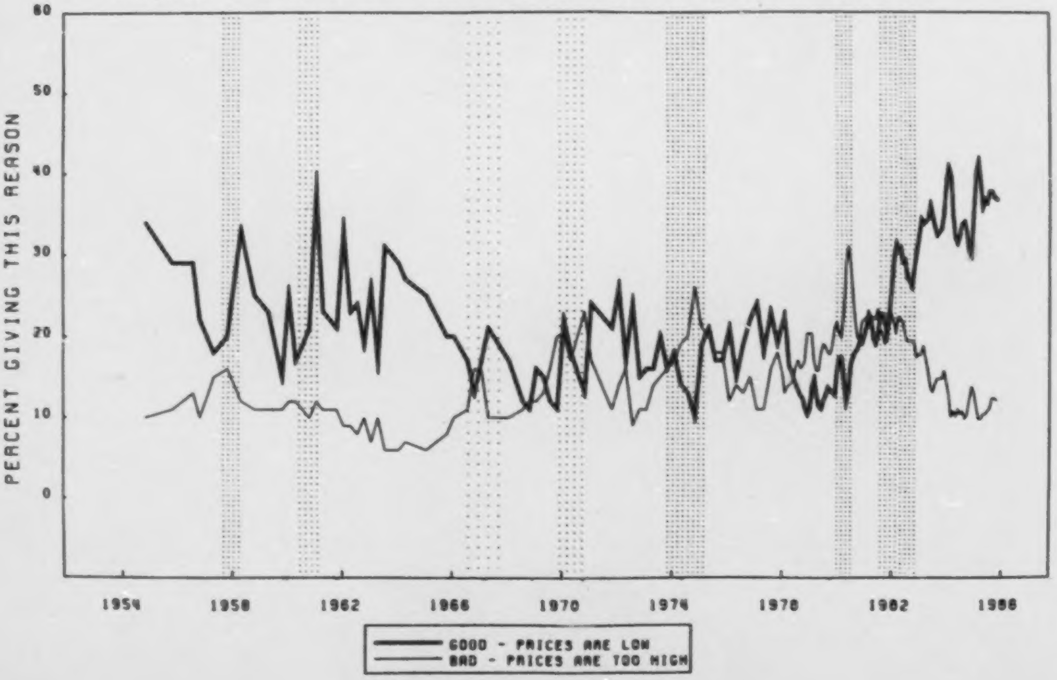


TABLE 27

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	28%	32%	45%	43%	36%	37%	34%	39%	36%	38%	39%	34%	37%
Prices won't come down; are going higher	17	15	16	16	22	18	19	20	19	17	15	15	16
Interest rates low; credit is easy	11	10	11	11	10	13	11	13	14	15	14	15	12
BAD TIME TO BUY:													
Prices are high	14	15	10	9	10	10	11	10	11	12	14	11	11
Interest rates are high; credit is tight	8	7	6	4	5	4	4	4	4	4	3	3	5
Lack of purchasing power	7	7	10	6	7	6	9	7	6	5	6	8	7

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

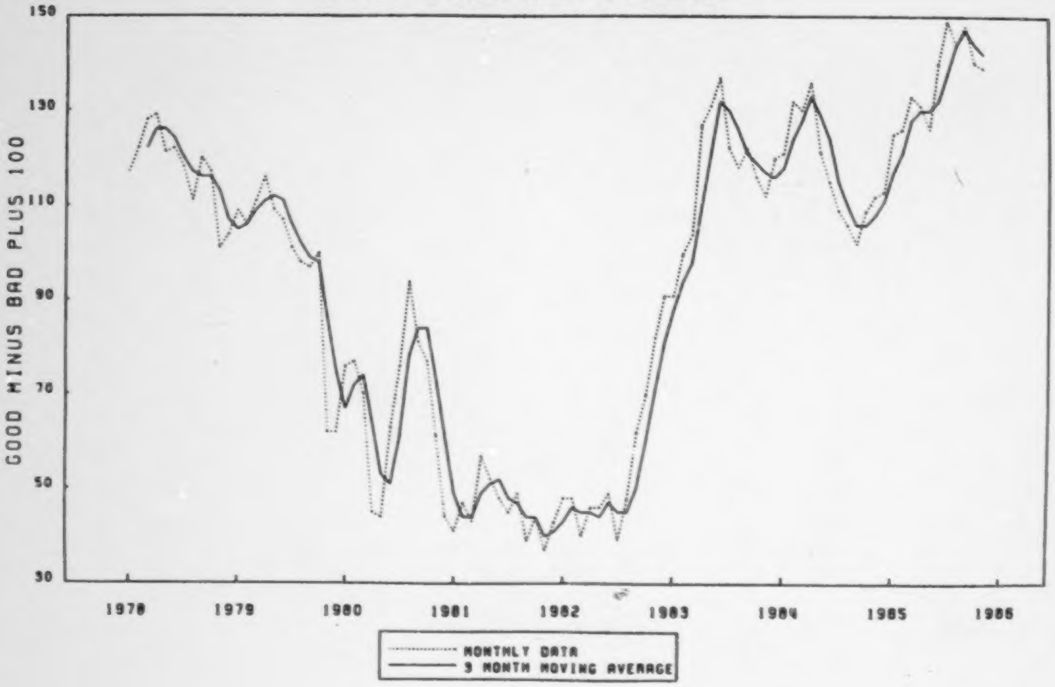


CHART 28 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

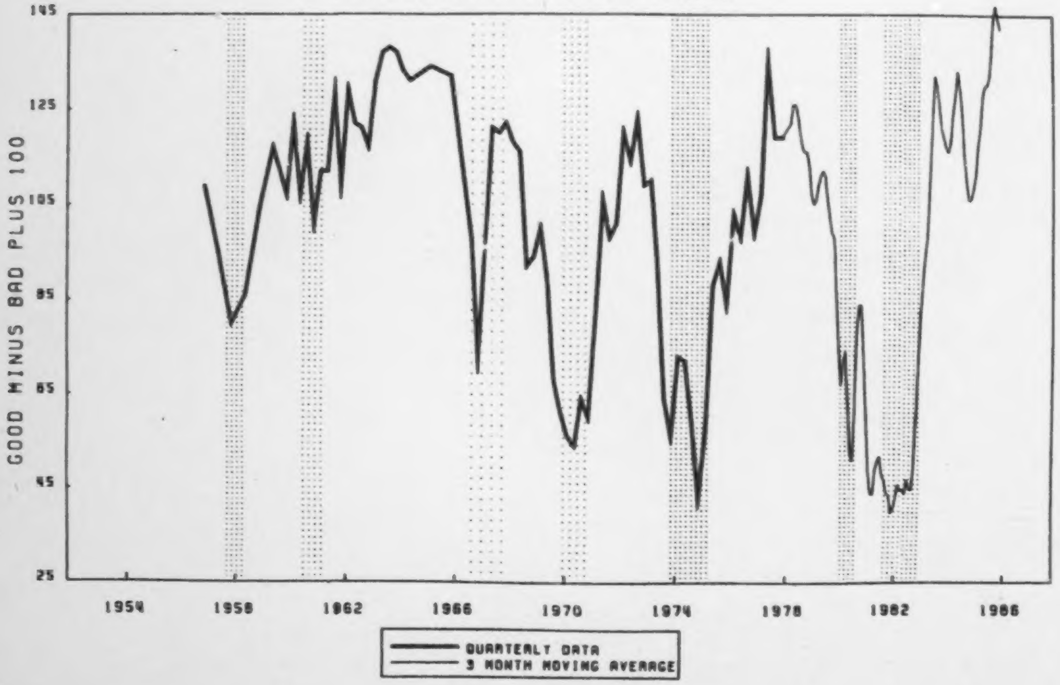


TABLE 28

BUYING CONDITIONS FOR HOUSES

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY	54%	54%	61%	61%	64%	64%	61%	67%	73%	69%	72%	68%	67%
UNCERTAIN, DEPENDS	4	5	3	4	5	3	4	6	3	6	4	4	5
BAD TIME TO BUY	42	41	36	35	31	33	35	27	24	25	24	28	28
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

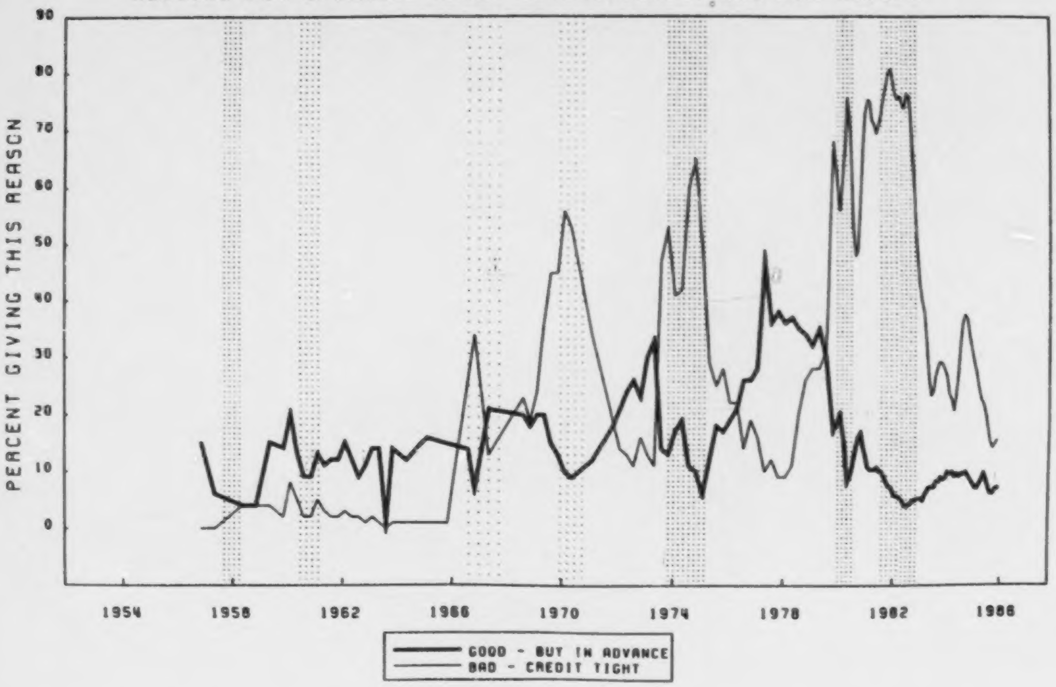


CHART 29A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

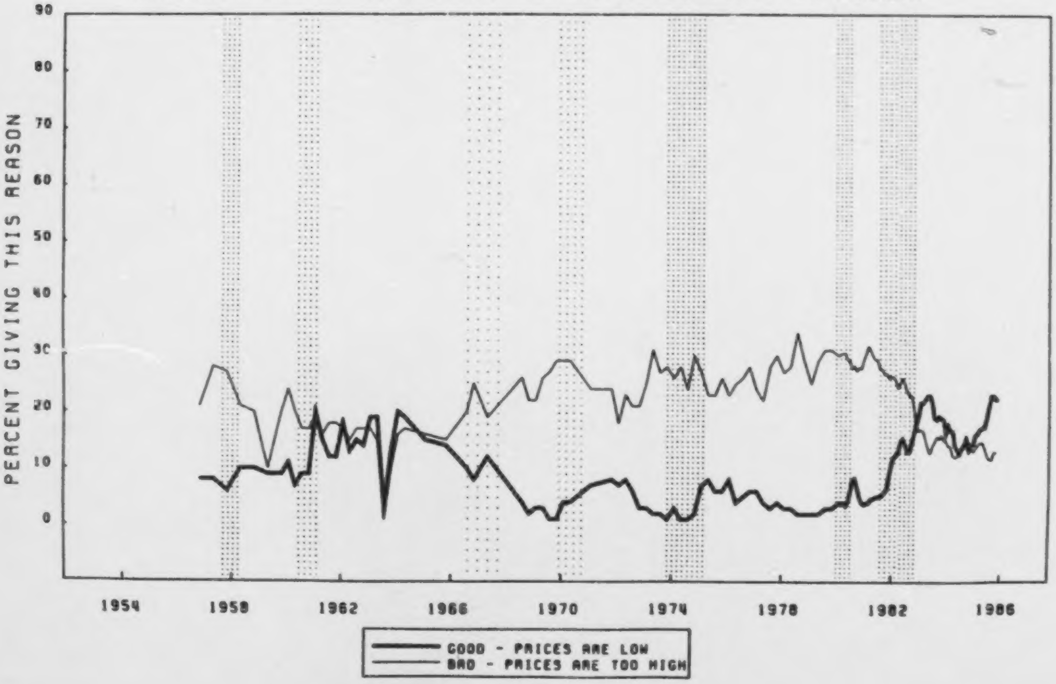


CHART 29B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

TABLE 29

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	11%	17%	15%	16%	18%	17%	17%	18%	22%	23%	24%	22%	21%
Prices won't come down; are going higher	7	8	7	7	10	9	10	7	5	7	7	7	8
Interest rates low; credit is easy	44	38	49	50	48	47	43	56	57	58	56	55	52
Good investment	7	5	6	6	7	6	6	6	5	7	4	6	4
BAD TIME TO BUY:													
Prices are high	12	13	14	14	15	15	14	12	11	12	12	15	12
Interest rates are high; credit is tight	31	30	27	25	22	21	23	17	13	16	14	15	18
Lack of purchasing power	13	13	12	11	9	12	16	9	11	9	9	10	10

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

CHART 30 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

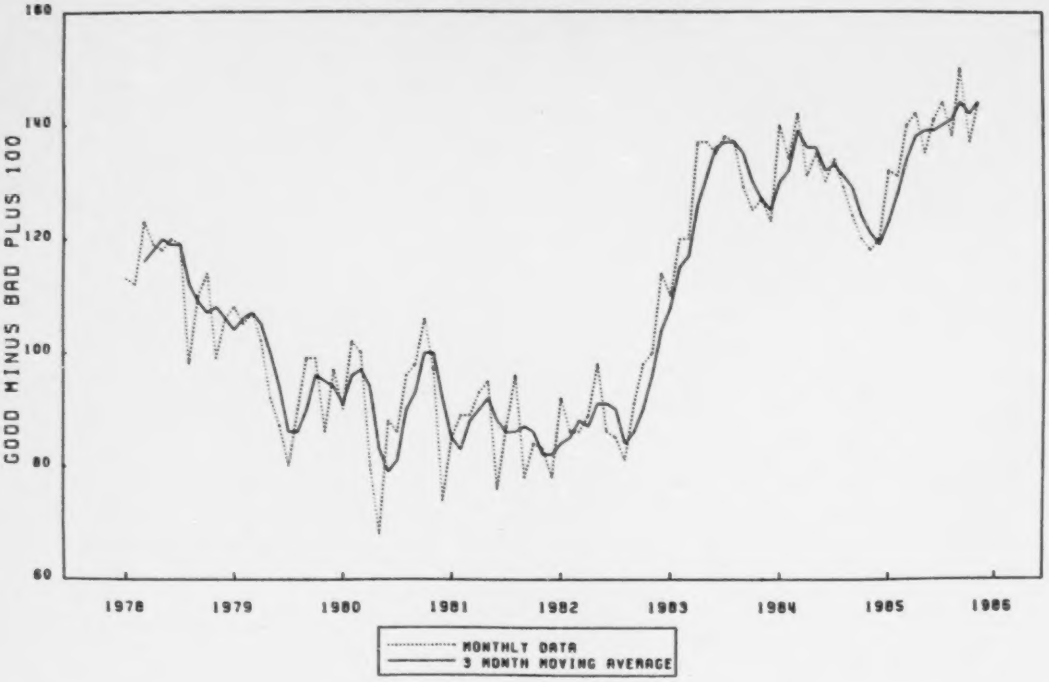


CHART 30 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

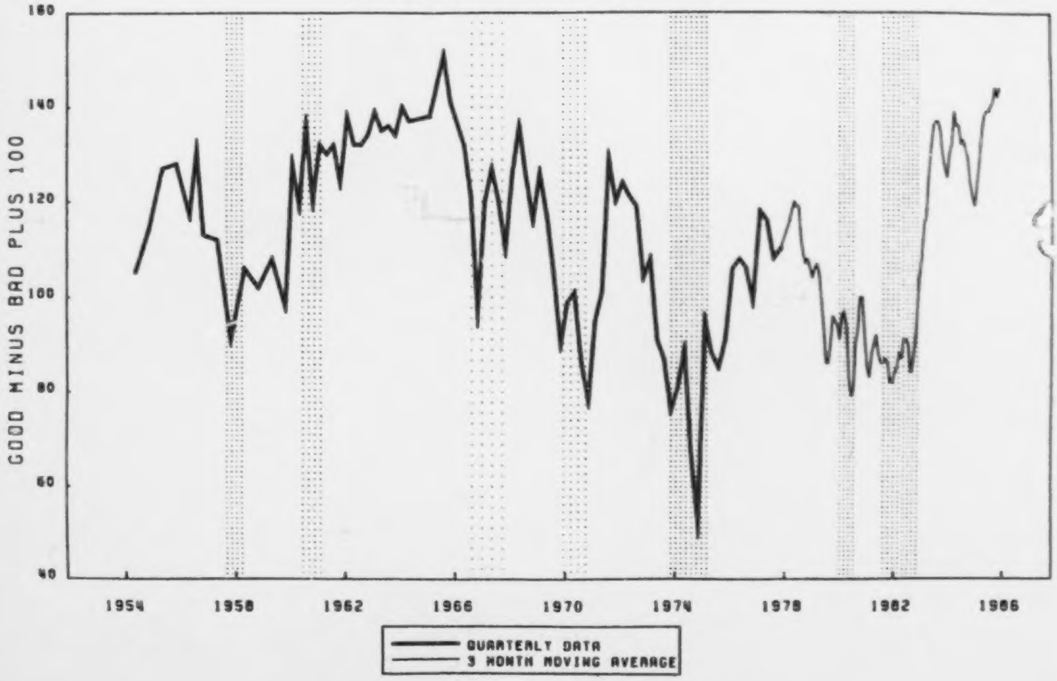


TABLE 30

BUYING CONDITIONS FOR CARS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY	55%	55%	62%	61%	67%	68%	65%	67%	67%	64%	72%	65%	68%
UNCERTAIN; DEPENDS	8	10	8	9	6	6	5	7	10	10	6	7	8
BAD TIME TO BUY	37	35	30	30	27	26	30	26	23	26	22	28	24
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 31A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

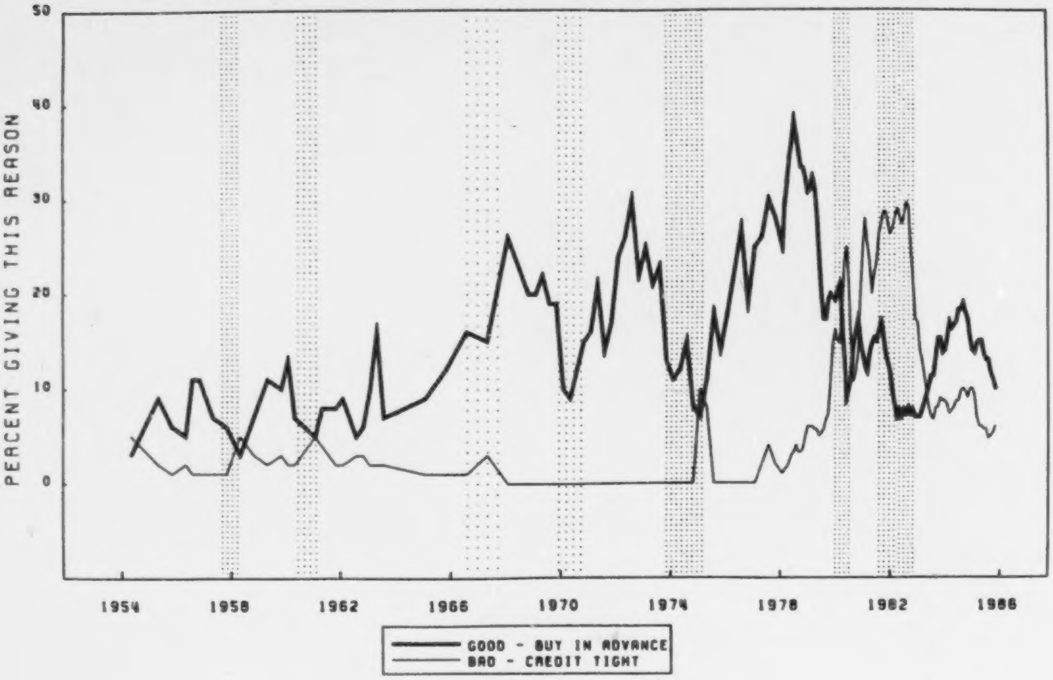


CHART 31B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

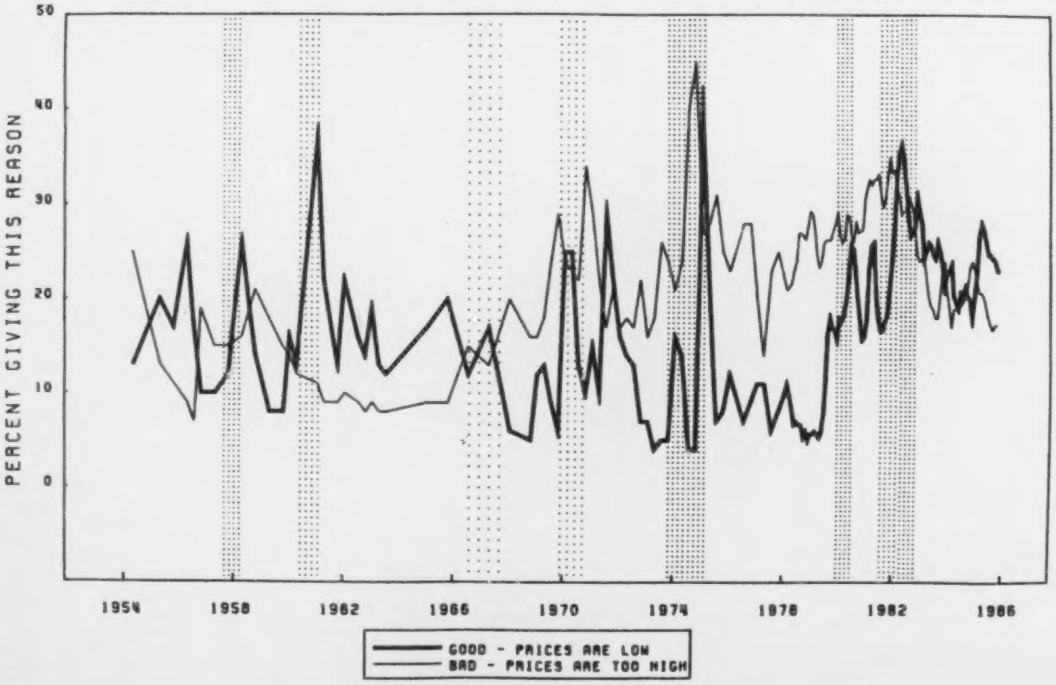


TABLE 31

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	18%	18%	24%	26%	30%	28%	24%	26%	24%	24%	25%	23%	21%
Prices won't come down; are going higher	15	14	13	14	17	14	14	13	12	14	9	10	11
Interest rates low; credit is easy	18	15	23	24	23	25	28	35	35	36	46	41	40
New fuel efficient models	*	2	*	1	1	1	1	1	1	1	1	1	2
BAD TIME TO BUY:													
Prices are high	25	24	21	21	20	21	20	17	17	18	15	19	18
Interest rates are high; credit is tight	10	12	8	8	5	5	8	4	5	5	5	6	7
Lack of purchasing power	8	7	7	6	6	4	6	6	6	4	4	6	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	5	4	4	4	3	4	3	4	3	4	3	3	1

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 32 - RECENT CHANGES
PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

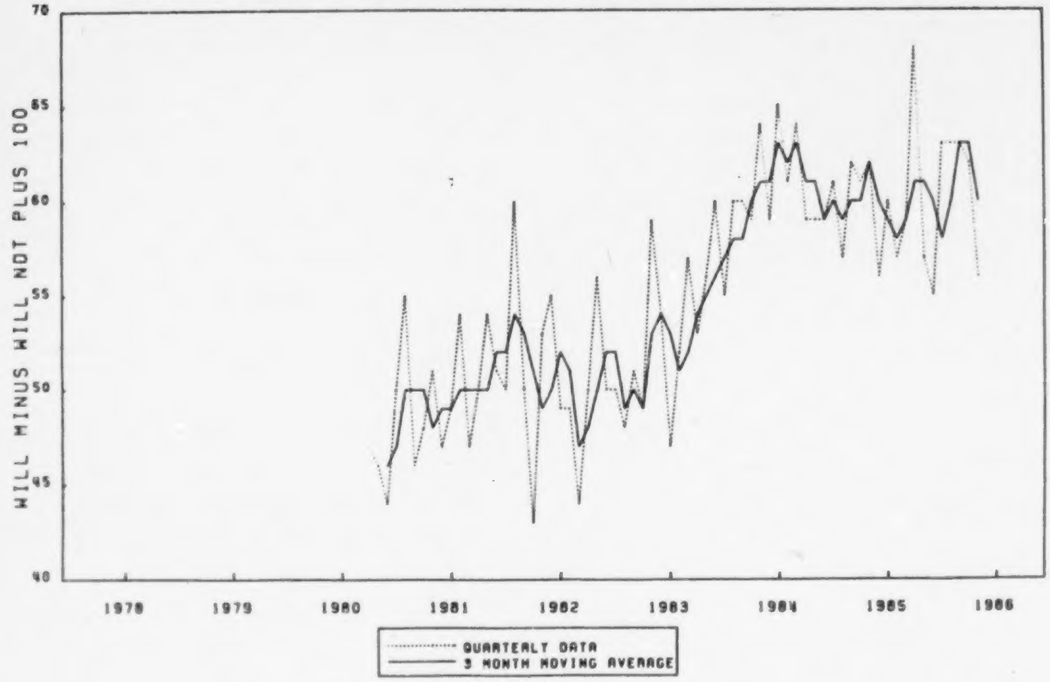


CHART 32 - HISTORICAL SERIES
PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

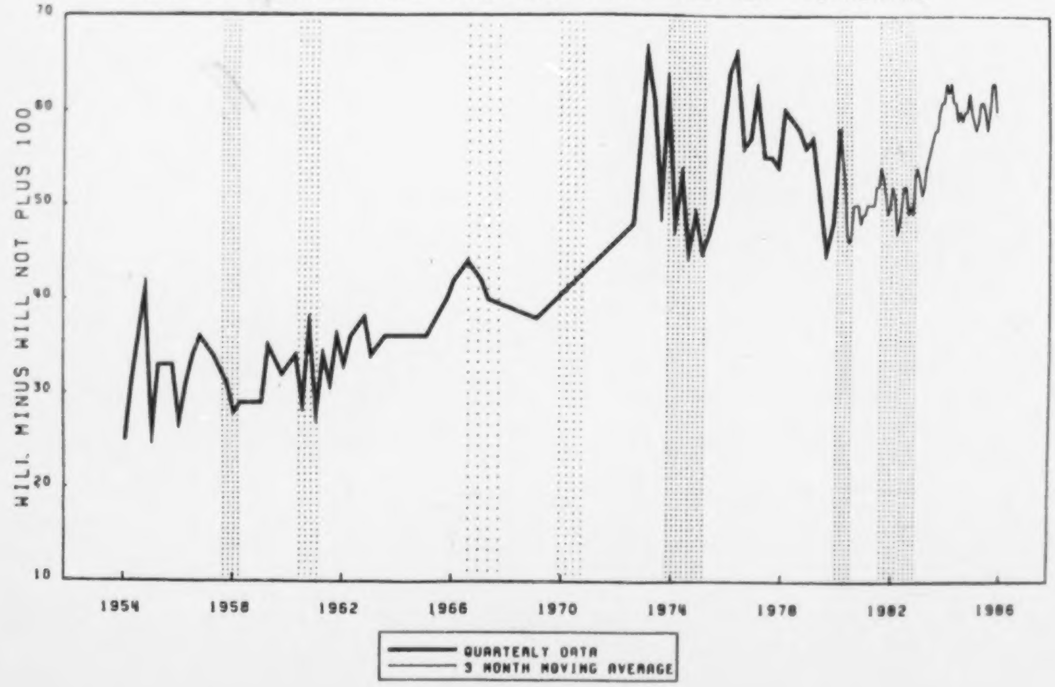


TABLE 32

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
PROBABLY WILL BUY	21%	19%	20%	19%	20%	24%	18%	19%	22%	21%	22%	20%	18%
CHANCES ARE EVEN	9	9	9	9	8	7	9	7	7	7	8	8	7
PROBABLY WILL NOT BUY	59	63	60	62	61	56	61	64	59	58	59	58	62
DK,NA	11	9	11	10	11	13	12	10	12	14	11	14	13
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	710	704	640	655	653	675	661	652	641	650	654	652	651

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

TABLE 33

CURRENT VEHICLE PURCHASE INTENTIONS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
PROPORTION WITH CURRENT PURCHASE INTENTIONS:	30%	28%	29%	28%	28%	31%	27%	26%	29%	28%	30%	28%	25%
PURCHASE TYPE:													
Buy new	15	13	17	15	14	17	14	14	14	14	15	16	12
Buy used	13	13	11	11	13	12	12	10	14	13	13	9	10
Lease	1	1	1	1	1	1	1	2	1	*	1	2	2
DK,NA	1	1	*	1	*	1	*	*	*	1	1	1	1
PURCHASE TIMING:													
Next 3 months	5	3	5	4	2	8	5	1	9	3	3	3	2
Next 4-6 months	7	6	8	9	8	9	7	8	5	6	6	7	5
Next 7-9 months	7	10	7	8	11	6	7	6	5	5	6	6	7
10 months or more	8	7	5	4	5	3	5	6	6	8	9	7	6
DK,NA	3	2	4	3	2	5	3	5	4	6	6	5	5

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?" , "Would you buy or lease?" and "When do you think you might buy or lease a car?"

* : Less than half of one percent.

TABLE 34

FUTURE VEHICLE PURCHASE INTENTIONS

	Nov. 1984	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985
PROPORTION WITH FUTURE PURCHASE INTENTIONS:	59%	63%	60%	62%	61%	56%	61%	64%	59%	58%	59%	58%	62%
PURCHASE TYPE:													
Would buy new	33	34	35	32	35	34	36	37	35	31	35	33	41
Would buy used	25	28	25	28	25	21	25	26	24	26	23	24	19
DK,NA	1	1	*	2	1	1	*	1	*	1	1	1	2
PURCHASE TIMING:													
Less than 2 years	7	7	8	9	6	5	7	8	5	4	5	5	5
2 years	20	23	18	19	21	21	21	24	20	21	19	19	20
3 years	9	10	9	10	10	11	13	10	10	10	11	8	13
4 years or more	17	15	19	17	19	14	16	16	22	19	19	18	19
Indefinite	2	3	2	2	2	1	1	2	1	2	1	3	1
DK,NA	4	5	4	5	3	4	3	4	1	2	4	5	4

If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

* : Less than half of one percent.

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

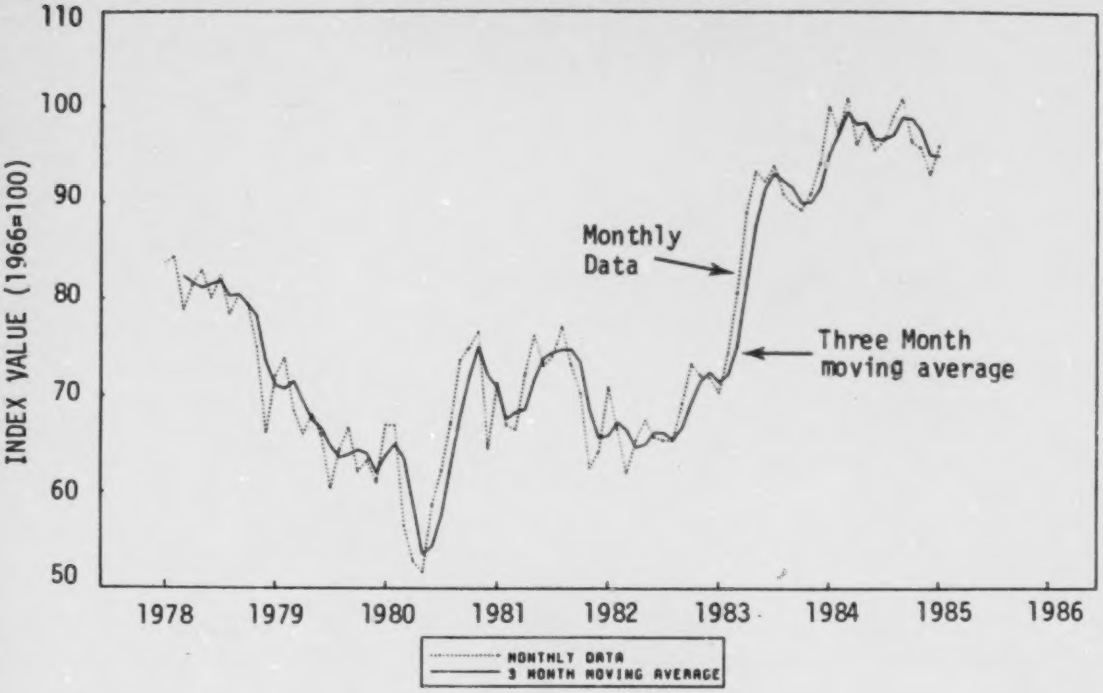
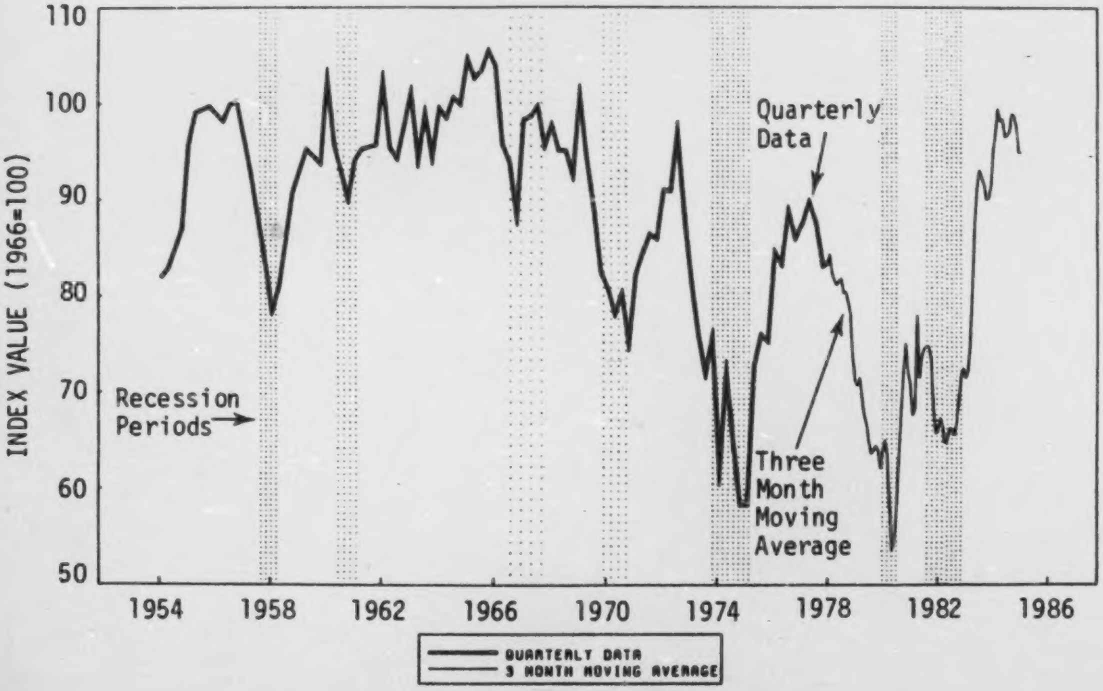


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES: November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

December 6, 1985

NOVEMBER 1985 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

SENTIMENT POSTS SMALL GAIN

- In the November 1985 survey, the Index of Consumer Sentiment was 90.9, a small improvement over the October figure of 88.4, but below the year earlier figure of 95.7. The small recent improvement in sentiment was due to improved prospects for the economy as a whole. Overall, sentiment has declined modestly during the past year, but still remains at favorable levels.

- Among families with incomes of $25,000 or more, the Index rose to 100.4 in November from 99.2 in October, but remained substantially below the 111.0 recorded one year ago.

- The November survey recorded small but widespread improvements in consumers' evaluations of the economy. Compared with a month earlier, consumers more frequently voiced favorable prospects for the economy as a whole during the next year (53, up from 49 percent), and over the longer term (38, up from 35 percent). Fewer families in the November survey expected increases in the the national unemployment rate (29, down from 32 percent in October), fewer expected increases in interest rates (36, down from 44 percent), and the expected rate of inflation declined (4.5%, down from 4.8%).

- Favorable attitudes toward purchases of large household durables were held by 70 percent of all families in the November survey, just above the 69 percent recorded one month earlier and the 67 percent recorded one year earlier. The major reason for these very favorable buying attitudes has been the availability of price discounts, reported by 37 percent of all families in November 1985, up from 34 percent in October, and 28 percent last November.

- Attitudes toward home buying conditions remained at very favorable levels in the November survey, with 67 percent of all families holding favorable attitudes, not far below the all time peak of 73 percent recorded in July 1985. The availability of reduced mortgage interest rates continued to underlie these favorable attitudes (reported by 45 percent).

- Vehicle buying conditions were viewed favorably by 68 percent of all families in the November 1985 survey, up from 65 percent in October, and just below the all time peak of 72 percent recorded in September. Discounts on prices and interest rates continued to support these favorable auto buying attitudes. Although the proportion of families that mentioned the availability of reduced interest rates fell to 38 percent in November from the peak of 45 percent in September, it remained substantially above the 15 percent recorded one year earlier.

- The financial situation of American families remained favorable in the November survey, although not as good as one year earlier. Among all families, 38 percent reported financial progress during the past year, down from 46 percent one year earlier. Reports of financial reversals rose only slightly in the November survey, to 27 from 25 percent one year earlier. More families reported that their financial situation had remained stable during the past year (34, up from 29 percent). Financial improvement during the year ahead was expected by 36 percent of all families in November, not far below the 39 percent recorded one year earlier. Although income increases were expected to be smaller during the year ahead, because inflation was also expected to be lower, few families expected their overall financial situation to worsen during the year ahead (12 percent).

• • •

A detailed report on recent trends is attached.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

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SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

DECEMBER 1985

The December 1985 survey is the 207th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

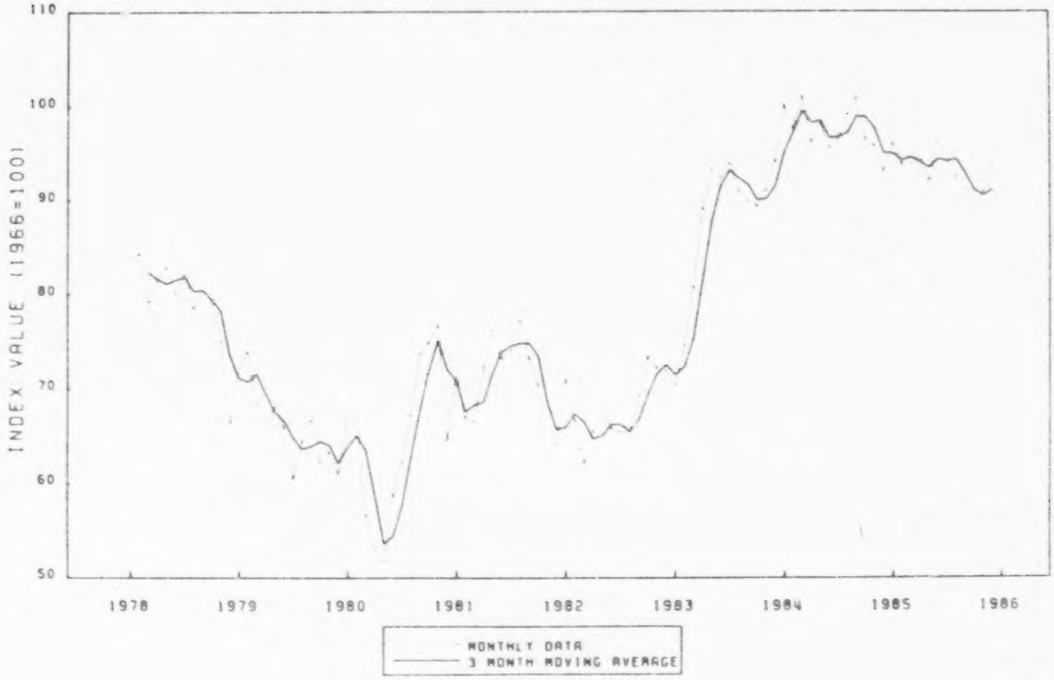


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

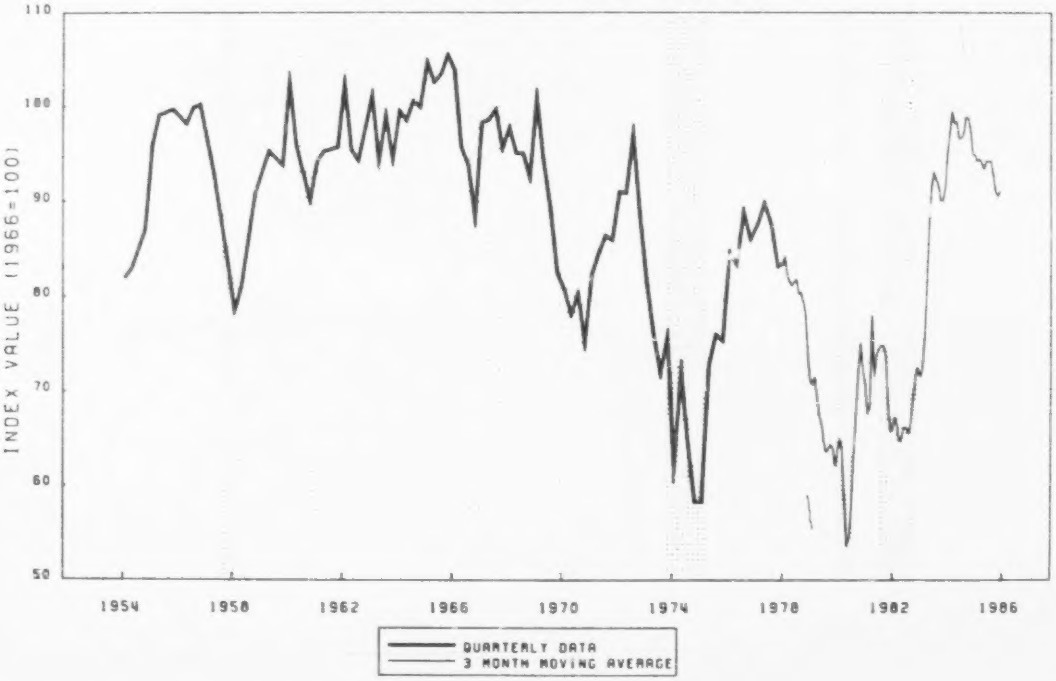


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $20,000	Families with incomes over $25,000
December 1982	71.9	78.0	80.5
January 1983	70.4	78.2	78.8
February 1983	74.6	79.9	81.3
March 1983	80.8	88.4	88.9
April 1983	89.1	97.1	99.0
May 1983	93.3	99.6	101.0
June 1983	92.2	101.2	102.5
July 1983	93.9	104.4	106.5
August 1983	90.9	101.2	103.5
September 1983	89.9	99.0	102.3
October 1983	89.3	99.5	101.9
November 1983	91.1	97.2	98.8
December 1983	94.2	101.7	104.5
January 1984	100.1	112.0	114.2
February 1984	97.4	109.6	111.2
March 1984	101.0	110.9	114.2
April 1984	96.1	103.9	105.5
May 1984	98.1	105.6	107.1
June 1984	95.5	104.4	104.5
July 1984	96.6	103.2	102.8
August 1984	99.1	106.7	109.2
September 1984	100.9	109.7	111.7
October 1984	96.3	106.2	107.7
November 1984	95.7	108.6	111.0
December 1984	92.9	99.2	100.1
January 1985	96.0	104.1	106.7
February 1985	93.7	105.4	107.4
March 1985	93.7	106.5	108.8
April 1985	94.6	102.8	107.9
May 1985	91.8	99.5	100.3
June 1985	96.5	101.2	104.3
July 1985	94.0	100.0	102.6
August 1985	92.4	99.4	104.1
September 1985	92.1	100.0	99.5
October 1985	88.4	96.9	99.2
November 1985	90.9	99.3	100.4
December 1985	93.9	99.6	101.1

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

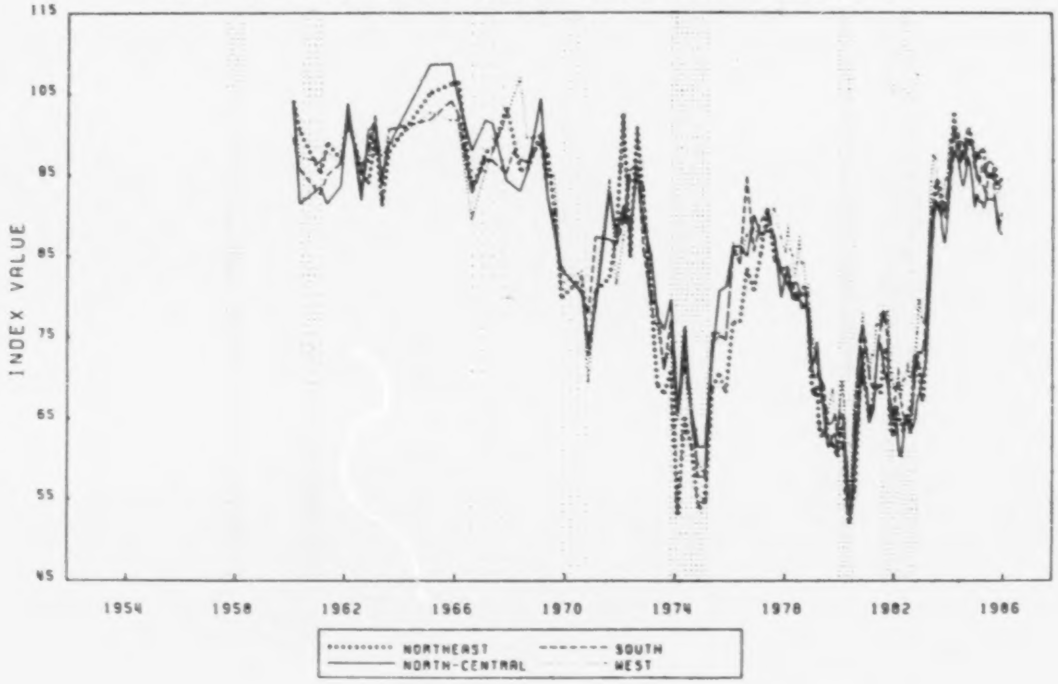


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

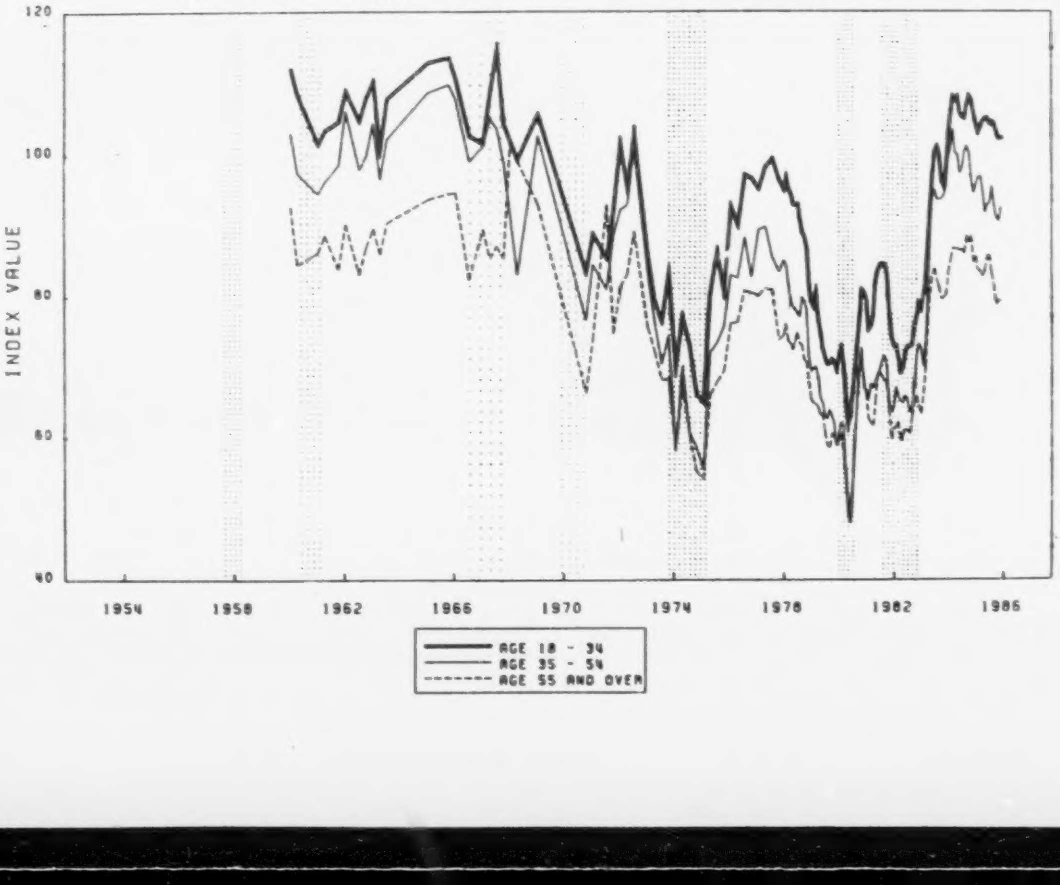


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
December 1982	66.1	70.0	72.5	80.4	78.9	71.7	64.2
January 1983	64.9	70.5	73.6	72.8	78.8	70.0	62.0
February 1983	72.1	72.3	75.8	77.2	82.1	68.3	72.4
March 1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April 1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May 1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June 1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July 1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August 1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.5	95.3	98.2	99.3	106.5	95.9	87.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.7	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

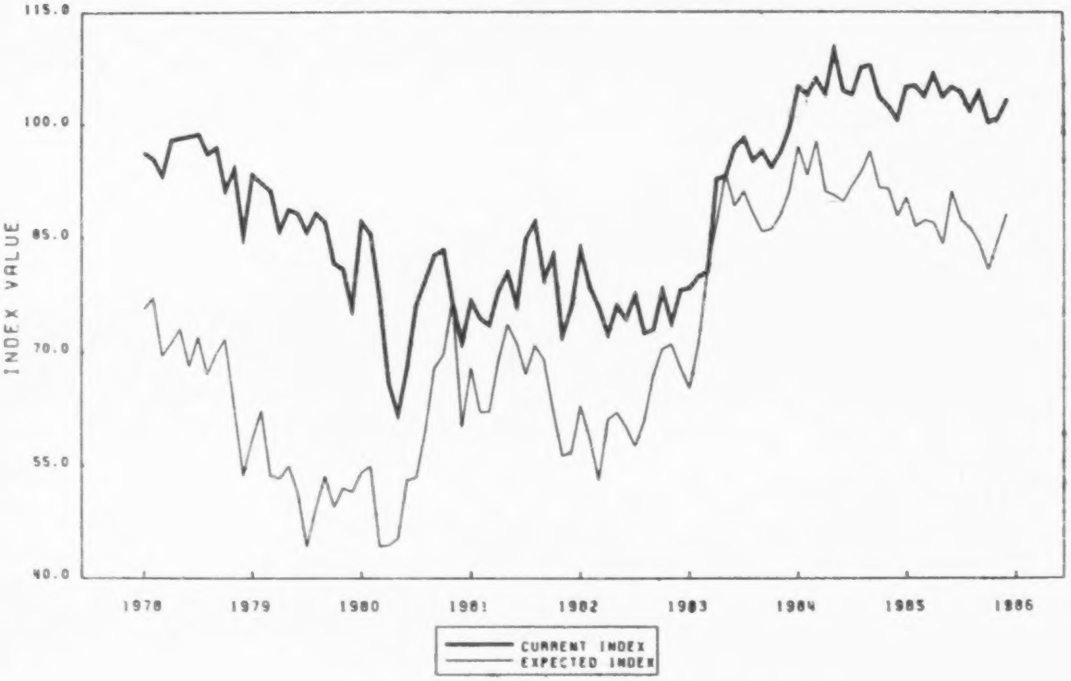


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

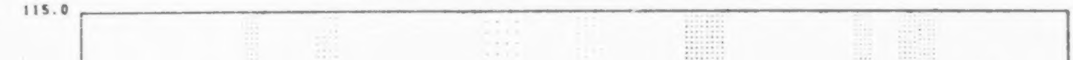


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
December 1982	90	117	74	80	111	78.1	67.9
January 1983	91	115	76	69	111	78.4	65.2
February 1983	89	117	87	81	117	79.9	71.2
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	117	124	136	106	153	103.9	91.1
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

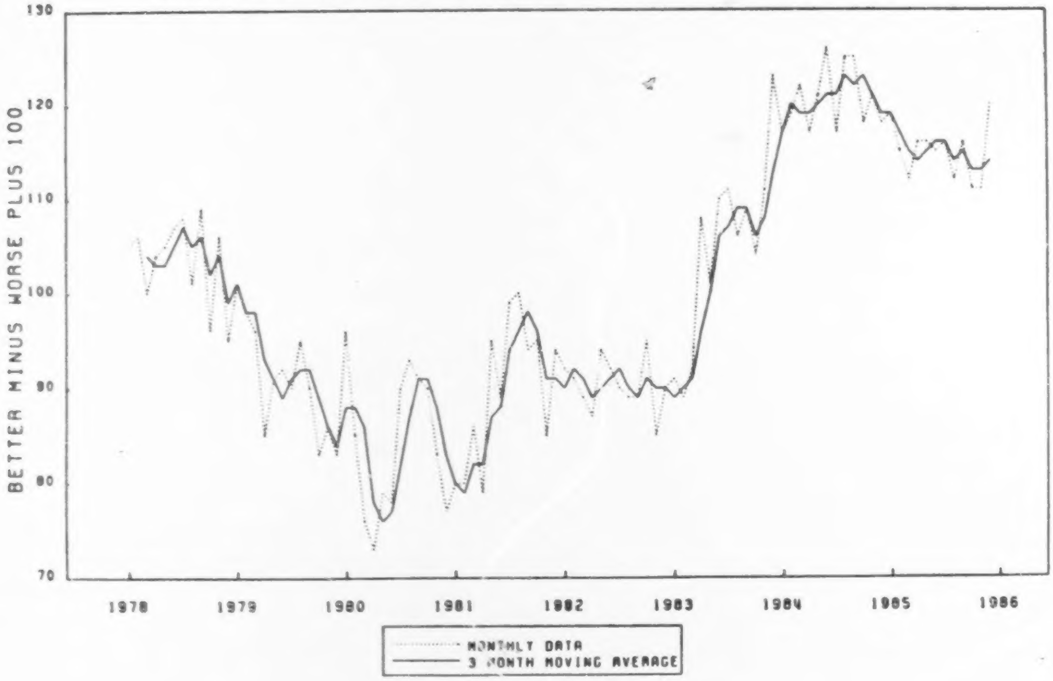


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

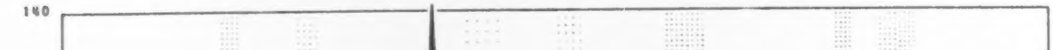


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
BETTER OFF	44%	42%	42%	40%	41%	40%	43%	42%	41%	43%	39%	38%	46%
SAME	30	35	31	32	34	36	29	32	29	28	33	34	28
WORSE OFF	26	23	27	28	25	24	28	26	29	27	28	27	26
DK,NA	*	*	*	*	*	*	*	*	1	2	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

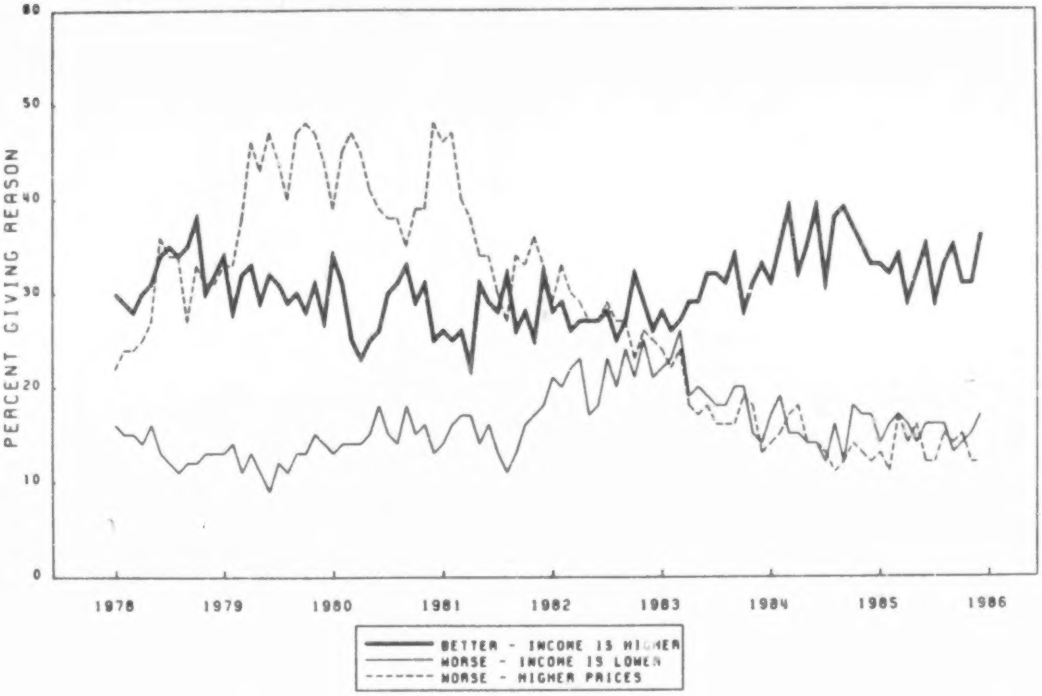


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

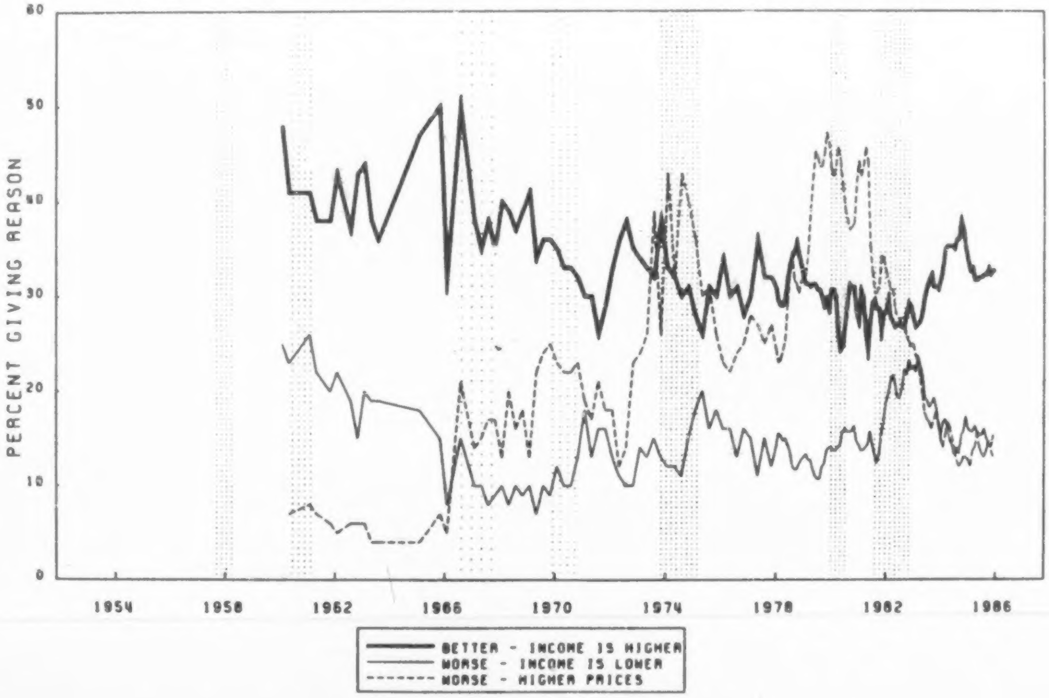


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	33%	32%	34%	29%	32%	35%	29%	33%	35%	31%	31%	36%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	14	16	17	16	14	16	16	16	13	14	15	17
Higher prices	12	13	11	17	14	16	12	12	15	14	15	12	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

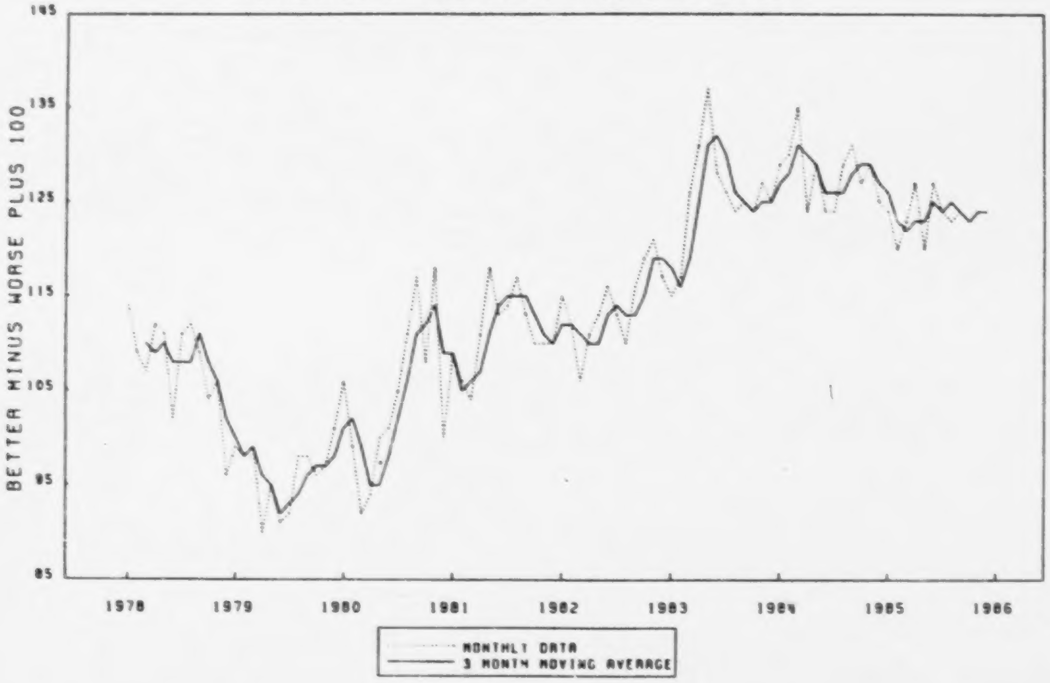


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

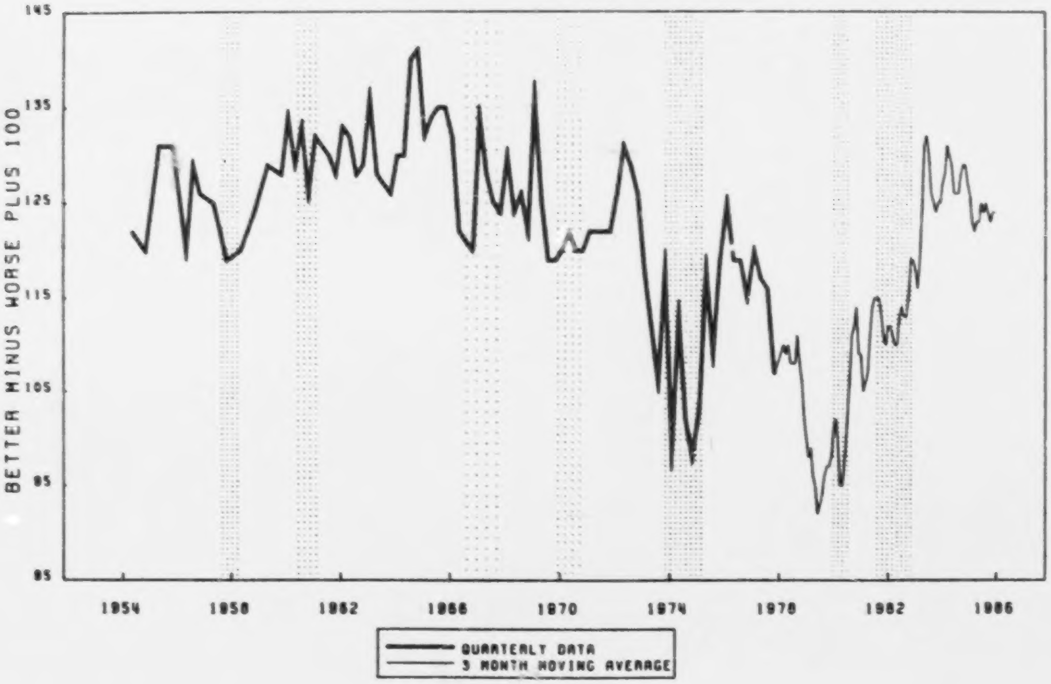


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
BETTER OFF	36%	35%	33%	36%	37%	34%	36%	35%	36%	35%	33%	36%	33%
SAME	50	52	50	49	49	49	52	51	48	50	54	48	55
WORSE OFF	11	11	13	13	10	14	9	11	13	11	10	12	9
DK,NA	3	2	4	2	4	3	3	3	3	4	3	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

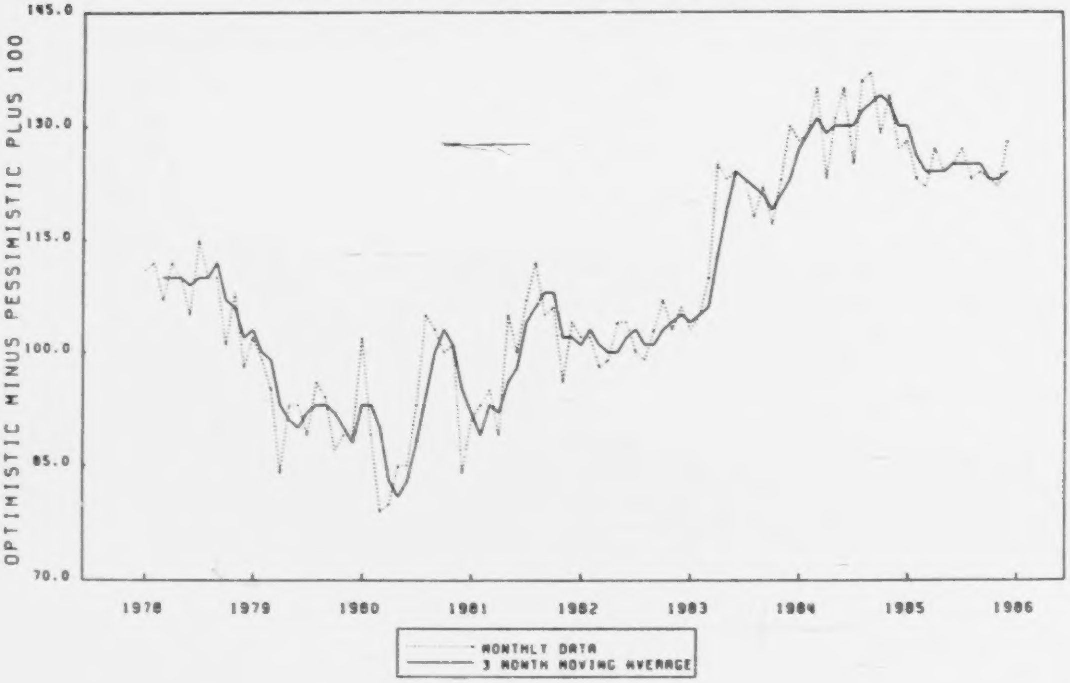


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

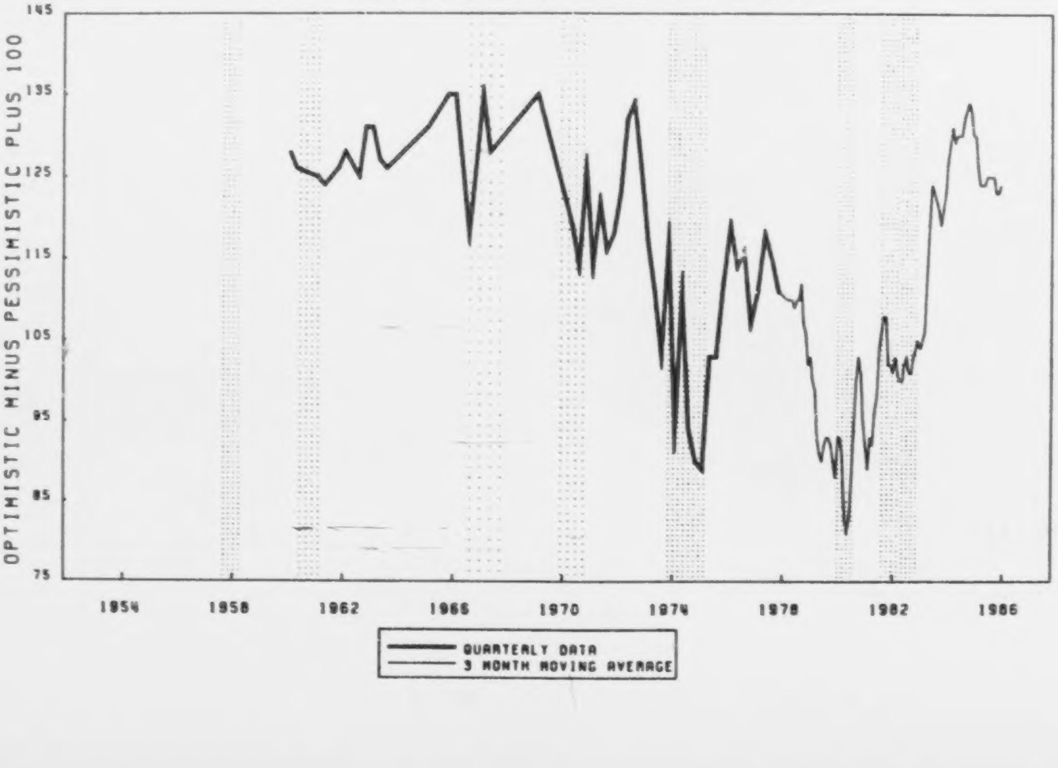


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	23%	19%	20%	20%	22%	20%	22%	20%	19%	22%	18%	19%	20%
Intermittent increase (b)	25	28	24	26	26	26	25	26	25	24	26	25	29
Remain unchanged (c)	19	22	20	18	20	21	19	21	19	18	23	20	18
Intermittent decline (d)	15	15	15	18	16	16	17	13	14	15	15	17	17
Continuous decline (e)	6	4	6	6	5	6	5	6	7	7	6	5	4
Mixed change (f)	9	9	12	10	8	8	9	10	12	9	9	10	10
DK,NA	3	3	3	2	3	3	3	4	4	5	3	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

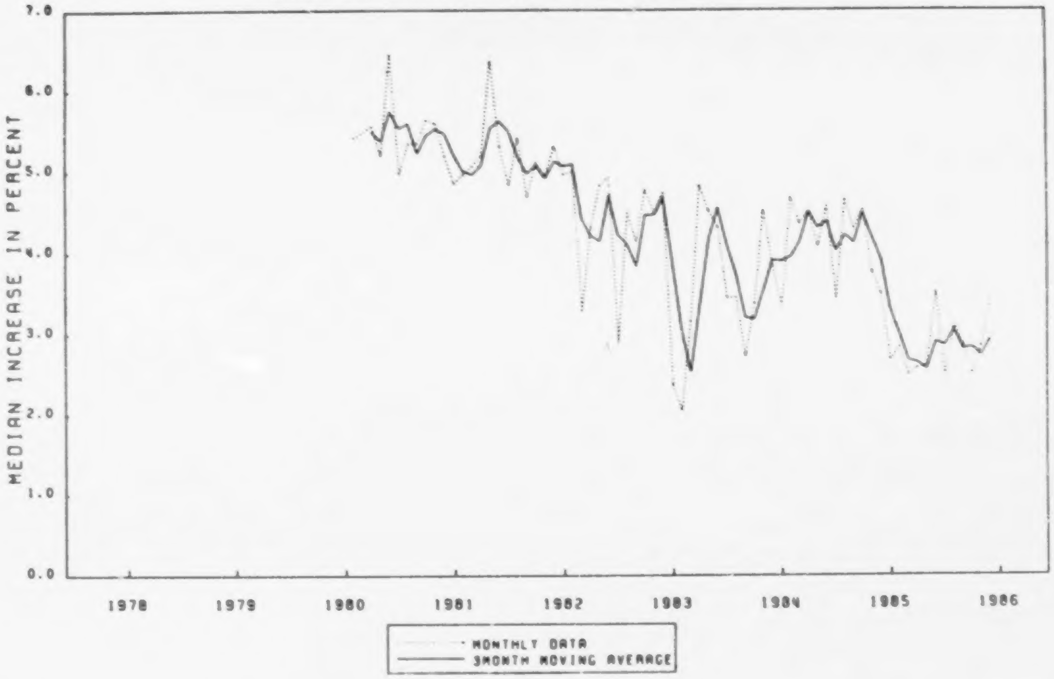


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

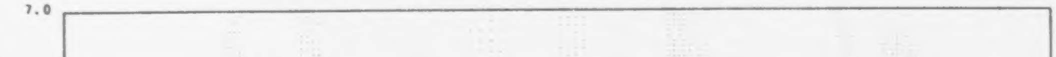


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
EXPECT INCREASE:													
1-4%	12%	12%	14%	12%	11%	16%	11%	13%	13%	13%	13%	17%	14%
5%	10	9	11	11	9	9	11	11	10	9	7	9	11
6-9%	8	9	6	7	7	5	7	7	8	8	8	8	8
10-24%	17	17	16	13	17	16	16	14	18	14	17	14	17
25% or more	7	6	7	8	8	7	10	6	5	8	6	6	6
DK how much up	7	3	3	4	3	4	4	3	3	4	5	4	5
EXPECT SAME	23	27	26	29	30	28	26	28	29	28	29	26	25
EXPECT DOWN	15	16	16	15	14	13	14	16	12	13	14	14	12
DK,NA	1	1	1	1	1	2	1	2	2	3	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE DURING THE LAST YEAR

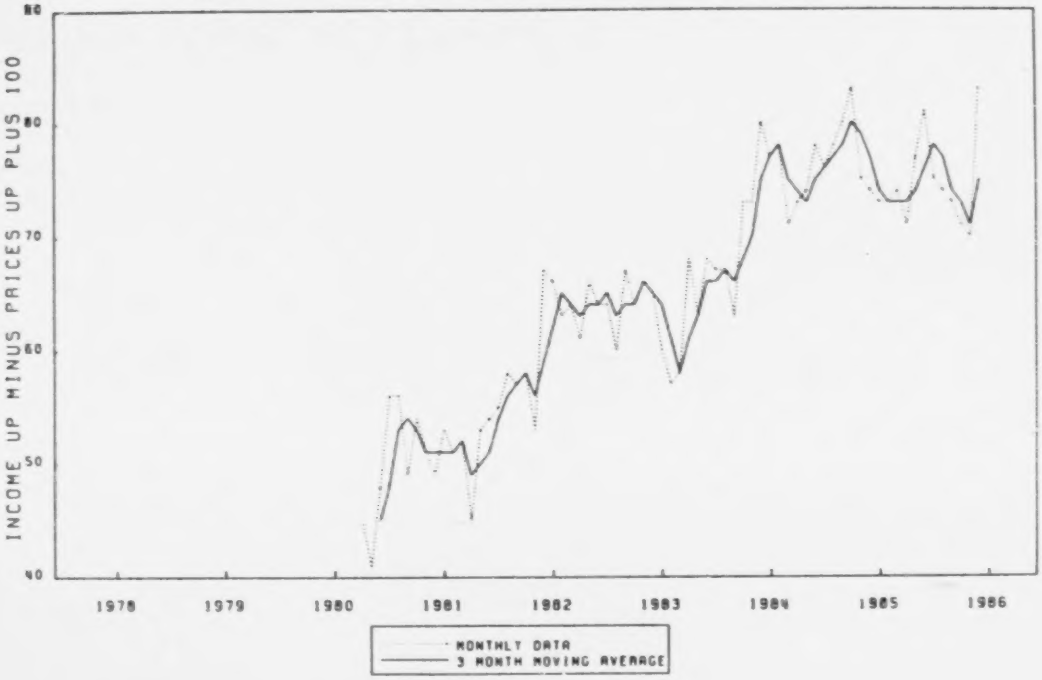


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE DURING THE LAST YEAR

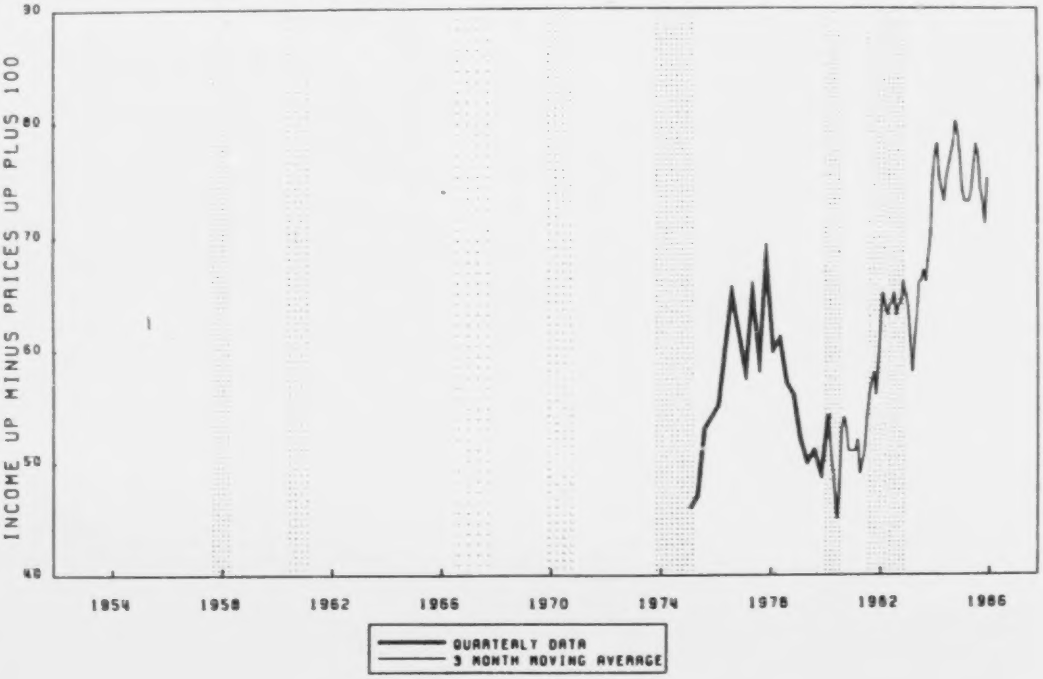


TABLE 9

PAST CHANGE IN REAL FAMILY INCOME

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
INCOME UP MORE	19%	16%	19%	19%	18%	22%	22%	19%	19%	19%	19%	17%	25%
INCOME UP SAME	35	40	34	35	34	32	35	36	34	33	32	34	32
PRICES UP MORE	45	43	46	45	47	45	41	44	45	46	48	47	42
DK,NA	1	1	1	1	1	1	2	1	2	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

CHART 10 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

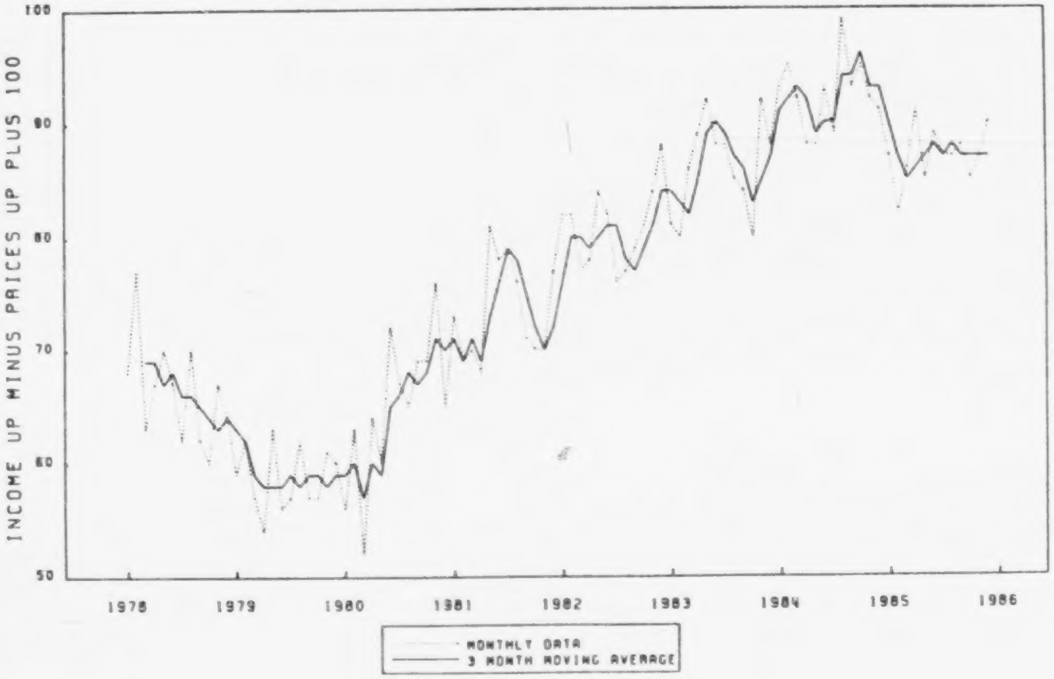


CHART 10 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

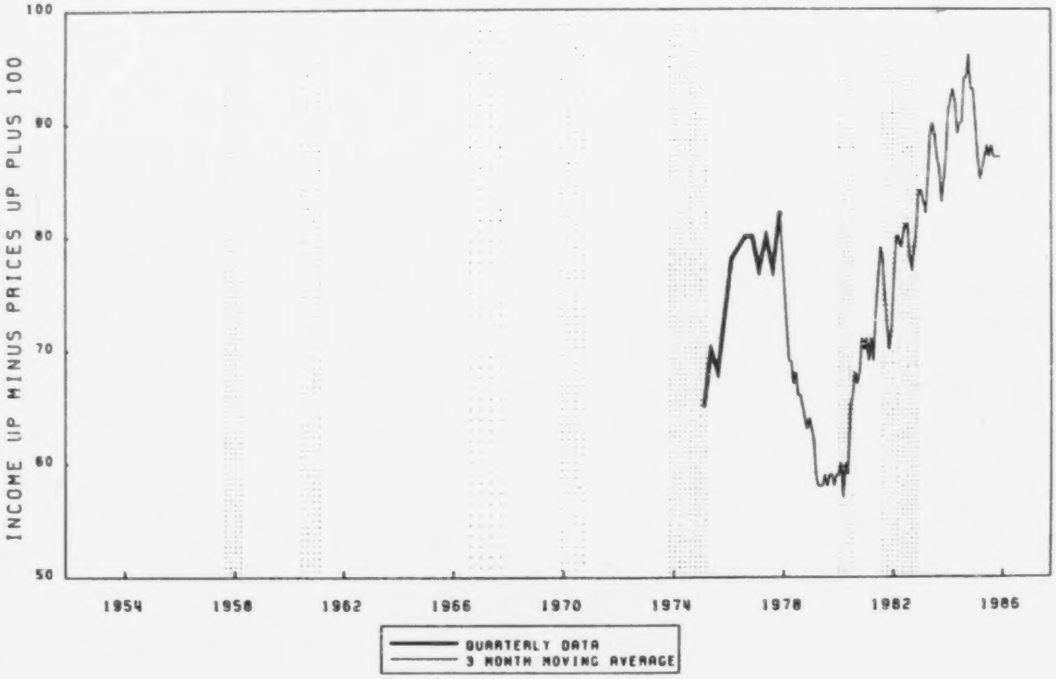


TABLE 10

EXPECTED CHANGE IN REAL FAMILY INCOME

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
INCOME UP MORE	21%	20%	20%	18%	23%	22%	19%	19%	22%	22%	20%	20%	23%
INCOME UP SAME	46	45	40	49	42	39	48	47	40	42	43	43	42
PRICES UP MORE	30	33	38	32	32	37	30	32	35	34	35	33	33
DK,NA	3	2	2	1	3	2	3	2	3	2	2	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11 - RECENT CHANGES
TREND IN INCOME AND PRICE COMPARISON

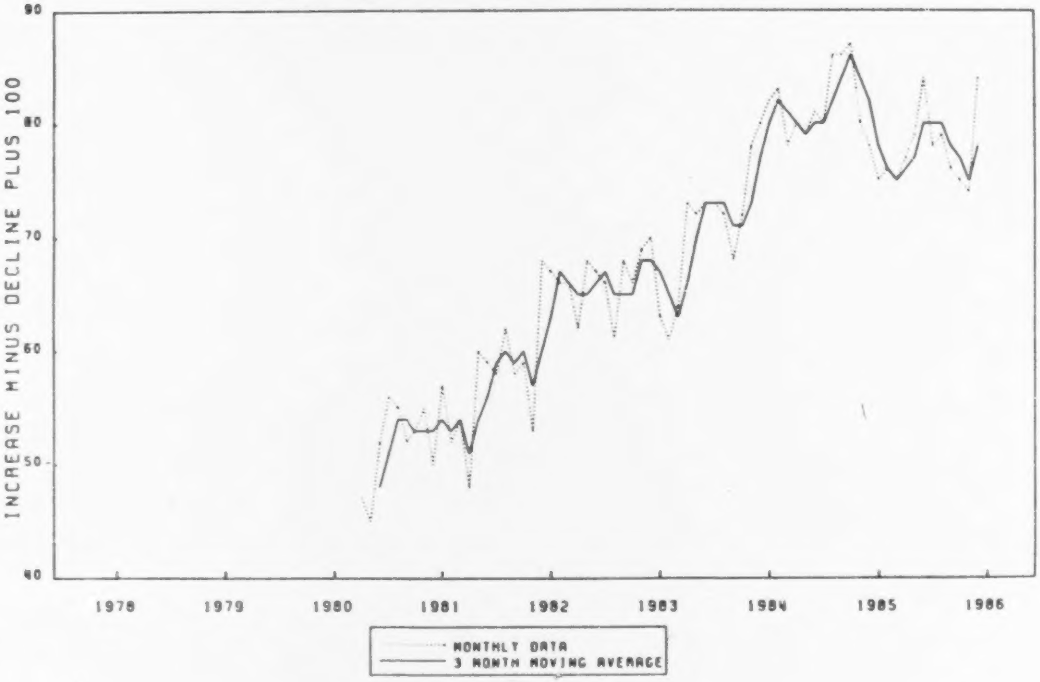


CHART 11 - HISTORICAL SERIES
TREND IN INCOME AND PRICE COMPARISON

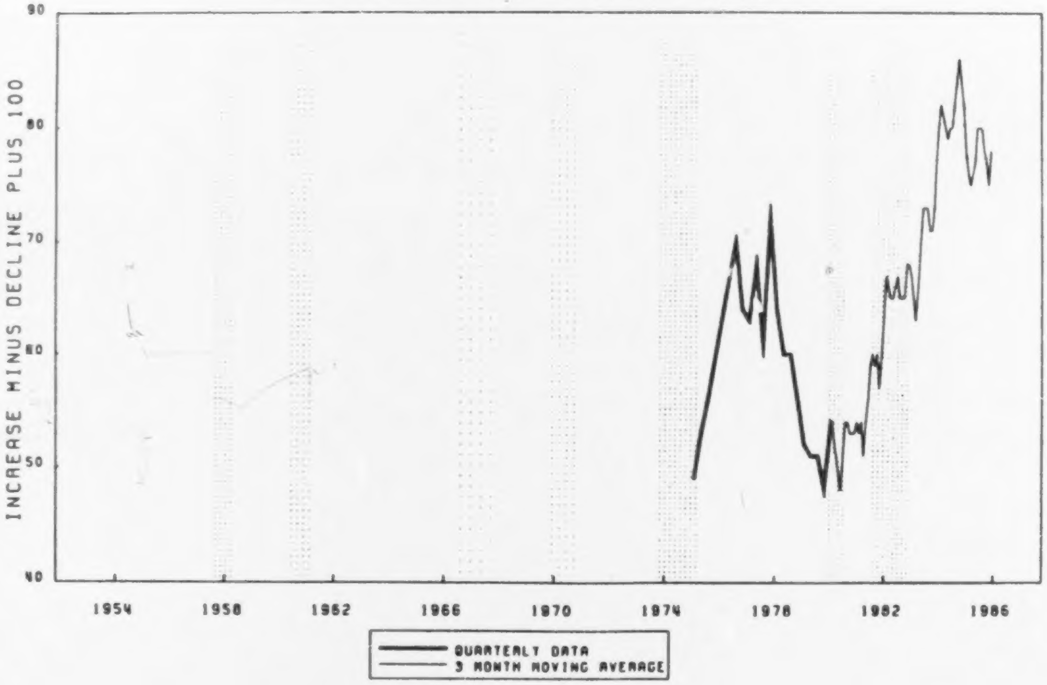


TABLE 11

TREND IN FAMILY INCOME AND PRICES COMPARISONS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
REAL INCOME PROGRESS:													
Continuous increase (a)	10%	8%	10%	9%	11%	12%	9%	8%	10%	11%	10%	10%	14%
Intermittent increase (b)	12	13	14	14	11	13	17	14	14	11	12	11	14
Remain unchanged (c)	23	24	20	23	22	20	22	24	20	21	21	22	20
Intermittent decline (d)	22	23	19	24	20	18	20	21	18	20	19	22	19
Continuous decline (e)	22	23	29	24	25	28	22	23	27	26	28	25	25
Mixed change (f)	8	6	6	4	7	7	6	7	8	7	6	6	5
DK,NA	3	3	2	2	4	2	4	3	3	4	4	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year
(b) Income up more/Same or Income up same/More
(c) Income up same/Same
(d) Prices up more/Same or Prices up same/More
(e) Prices up more/More
(f) Income up more/Prices up more or Prices up more/Income up more

CHART 12 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

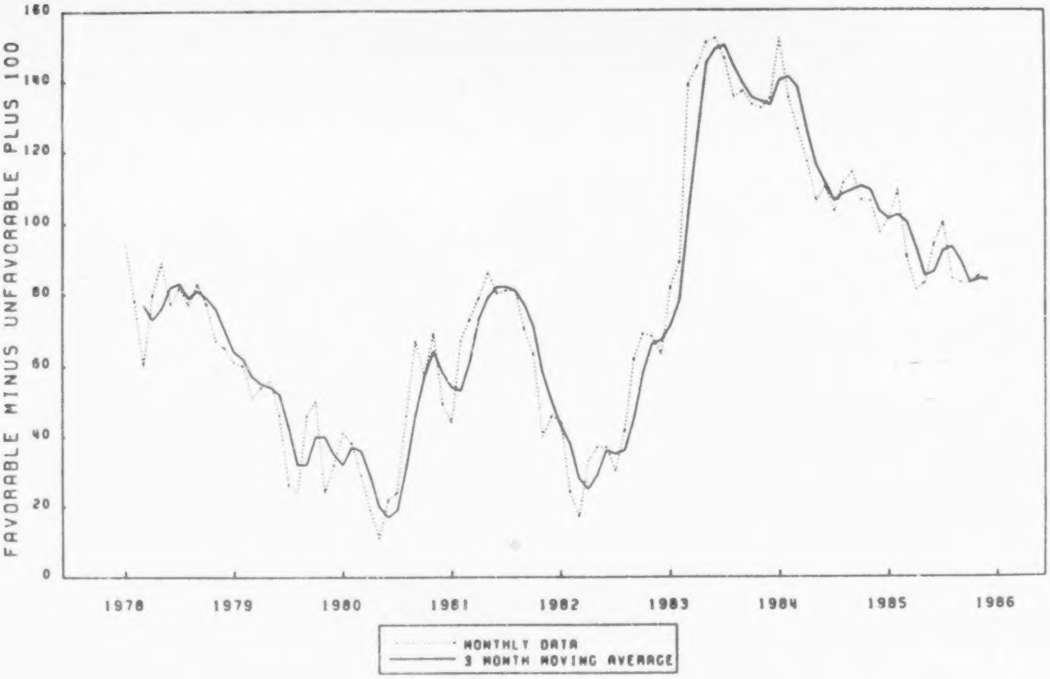


CHART 12 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

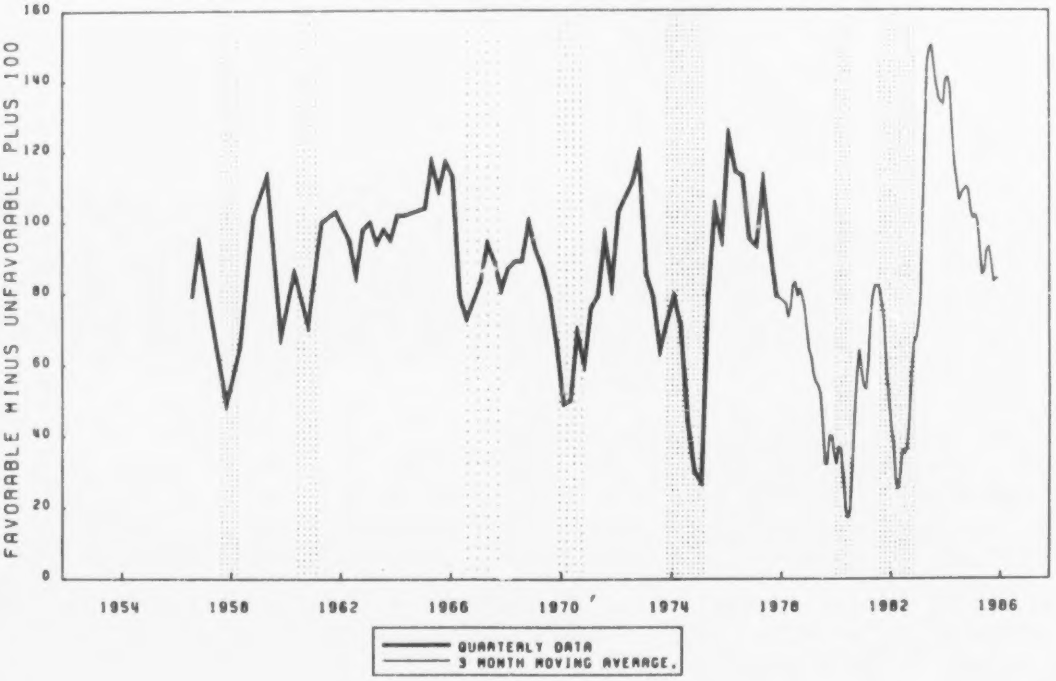


TABLE 12

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
FAVORABLE NEWS	39%	43%	50%	35%	30%	30%	37%	40%	30%	31%	28%	32%	33%
UNFAVORABLE NEWS	42	42	41	45	49	47	43	40	46	48	45	47	50
NO MENTIONS	46	44	41	48	49	48	50	46	49	47	52	47	47

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 13A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

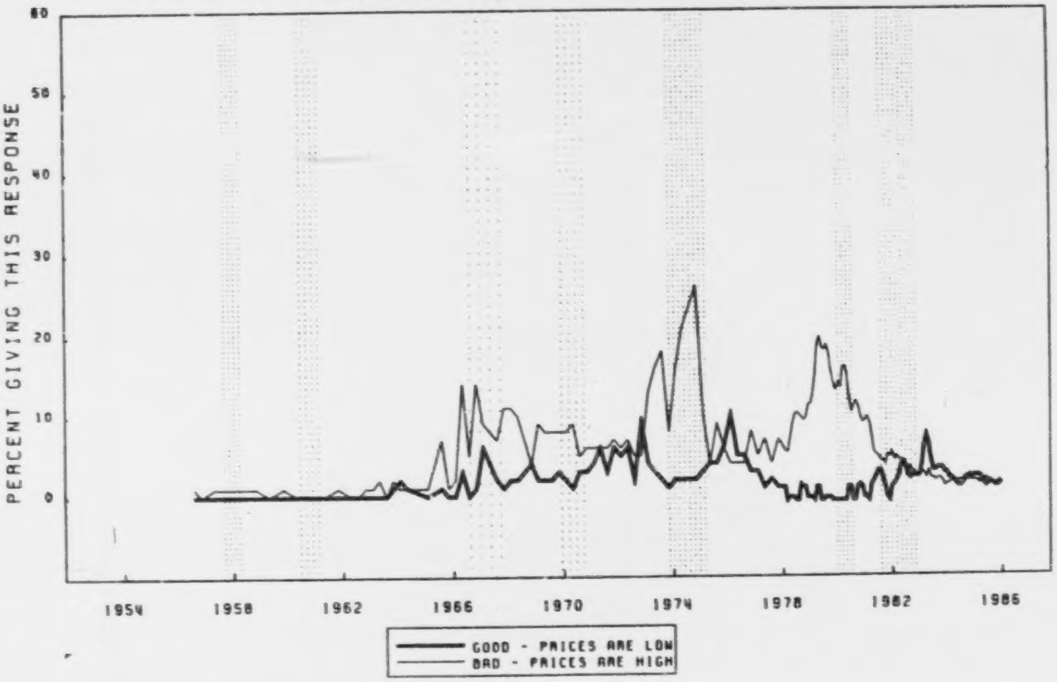


CHART 13B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

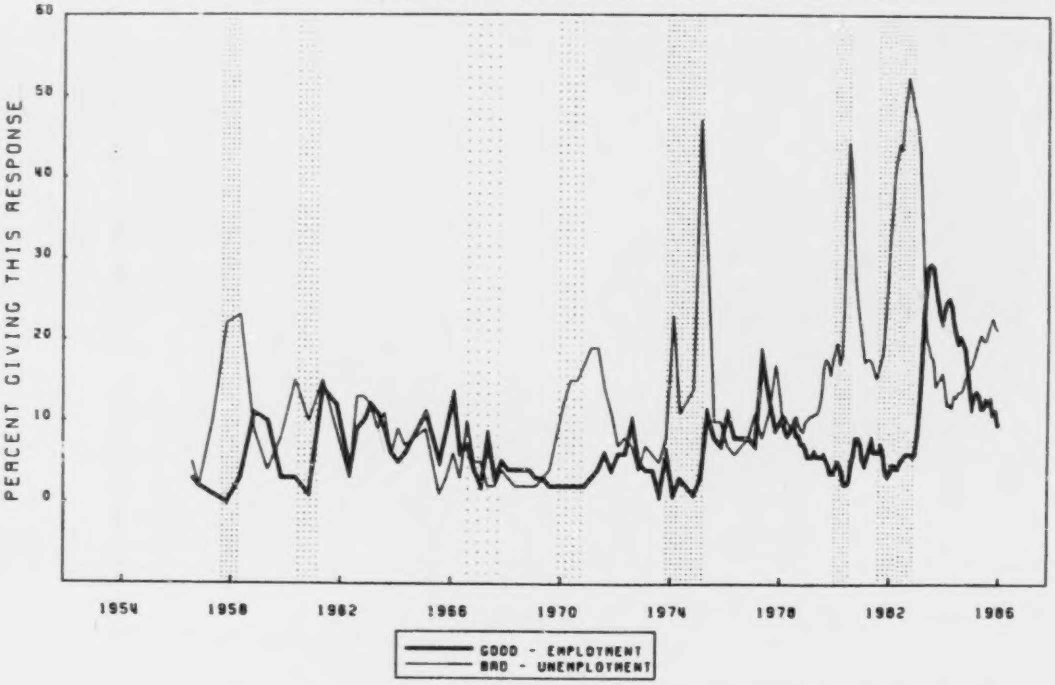


TABLE 13

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
FAVORABLE NEWS:													
Government; elections	3%	4%	3%	2%	1%	2%	5%	2%	1%	1%	1%	3%	2%
Employment	11	12	17	12	11	12	12	14	11	13	9	12	8
Consumer demand high	5	5	5	5	3	3	4	3	2	4	3	3	3
Prices are low	2	2	3	2	1	1	1	2	1	1	1	1	2
Credit is easy	9	10	9	5	4	3	7	10	8	6	4	6	7
UNFAVORABLE NEWS:													
Government; elections	6	5	6	5	5	4	6	4	4	5	5	4	5
Unemployment	17	18	19	20	21	21	18	21	24	21	23	21	20
Consumer demand low	3	3	3	2	3	3	3	2	3	2	1	2	5
Prices are high	2	1	2	1	2	2	2	1	2	1	1	2	2
Credit is tight	2	2	1	2	2	2	1	1	1	1	1	2	2
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 14 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

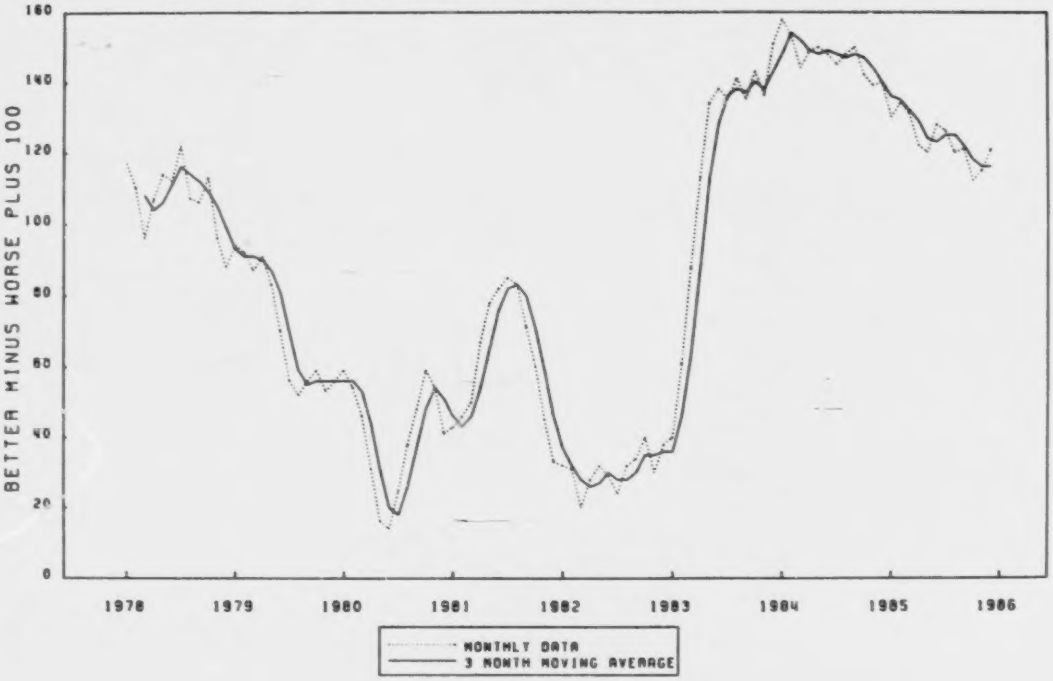


CHART 14 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

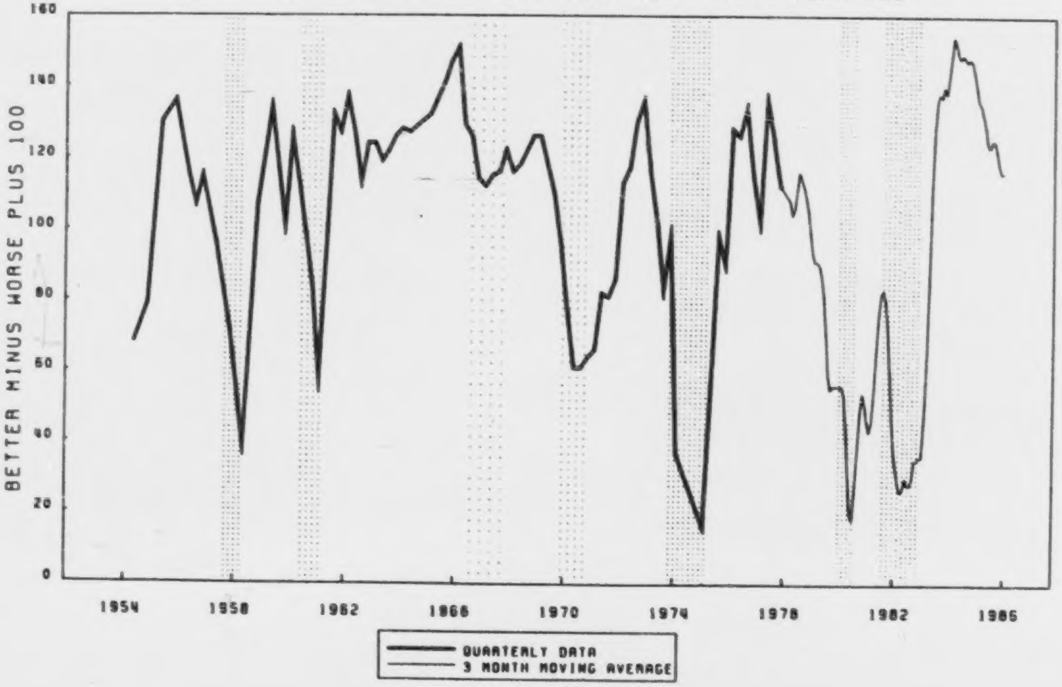


TABLE 14

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
BETTER NOW	63%	57%	60%	57%	51%	53%	56%	56%	51%	52%	47%	50%	52%
SAME	13	14	12	15	17	13	14	13	16	14	16	12	16
WORSE NOW	23	27	26	26	29	33	28	30	31	31	35	35	31
DK,NA	1	2	2	2	3	1	2	1	2	3	2	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 15 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

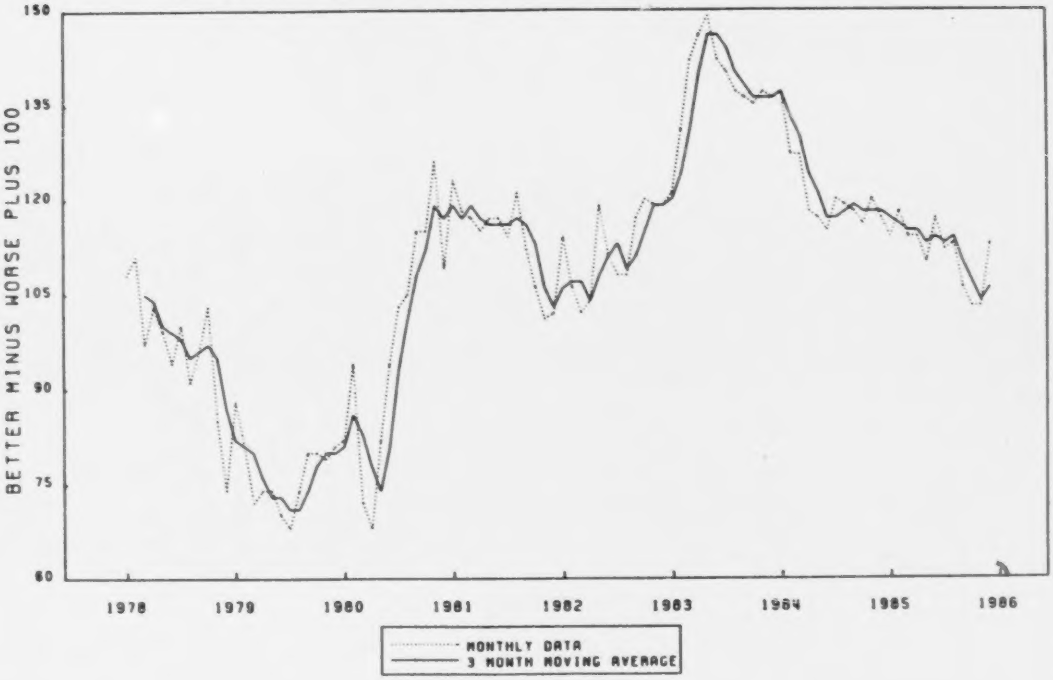


CHART 15 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

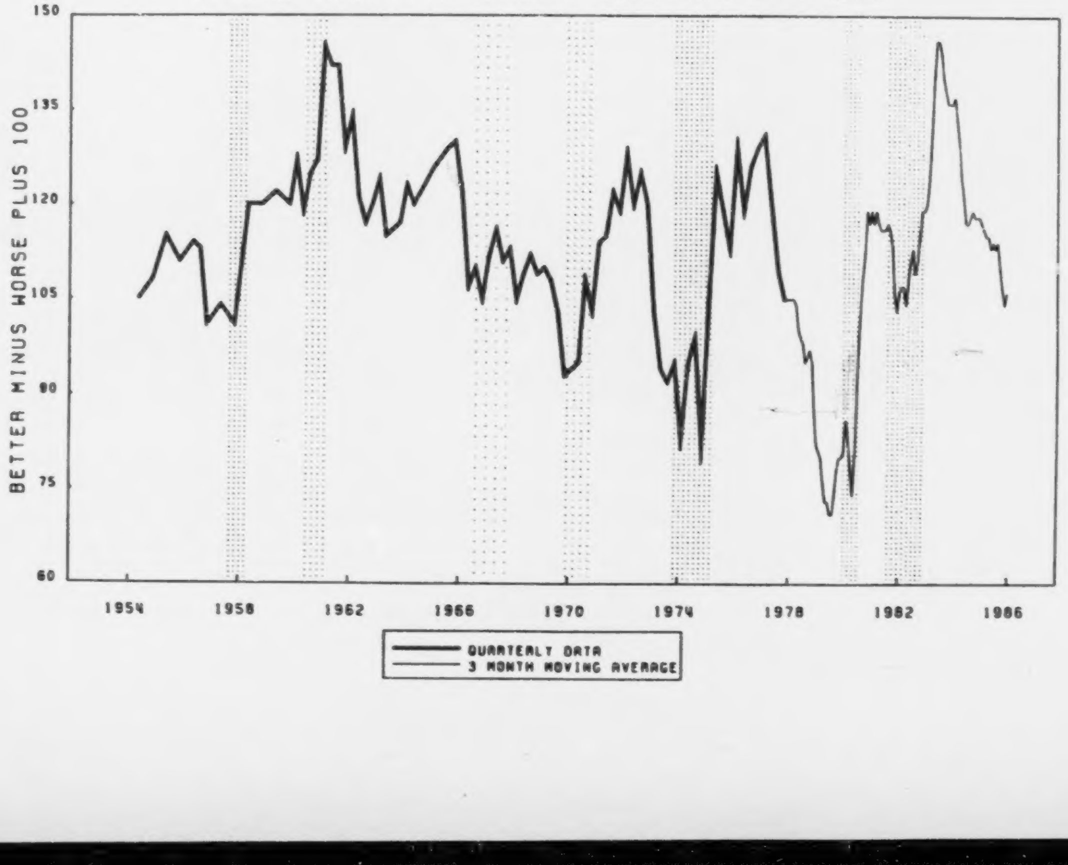


TABLE 15

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
BETTER	33%	29%	33%	29%	29%	27%	29%	26%	27%	23%	23%	21%	27%
SAME	47	55	50	53	53	54	57	57	57	58	54	59	58
WORSE	16	15	15	15	15	17	12	14	14	17	20	18	14
DK,NA	4	1	2	3	3	2	2	3	2	2	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 16A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

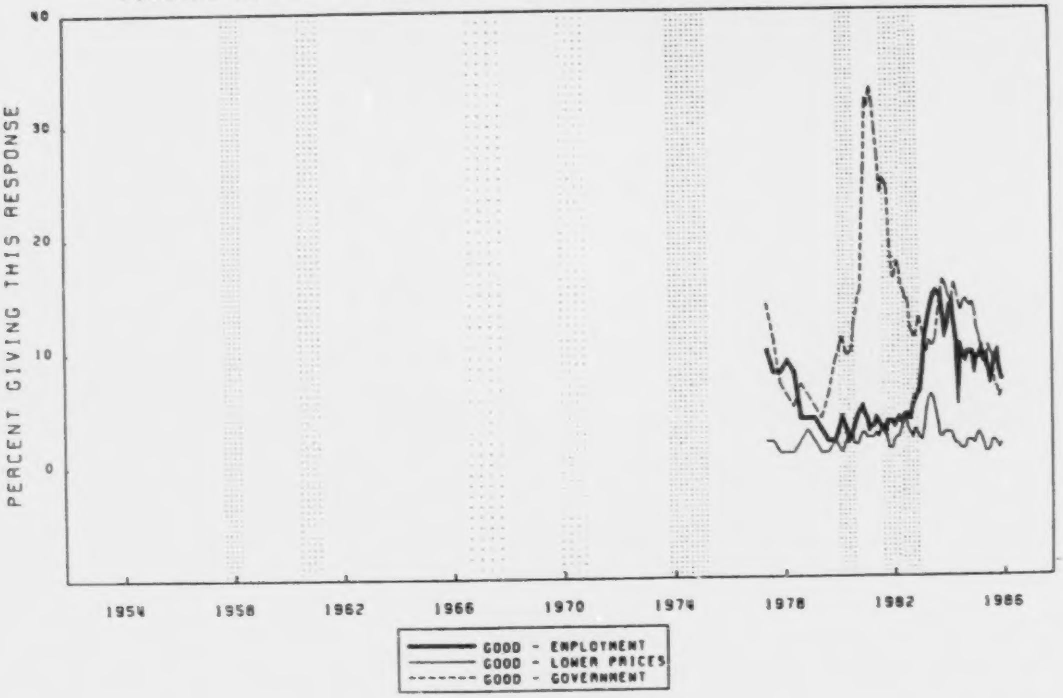


CHART 16B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUSINESS CONDITIONS IN A YEAR

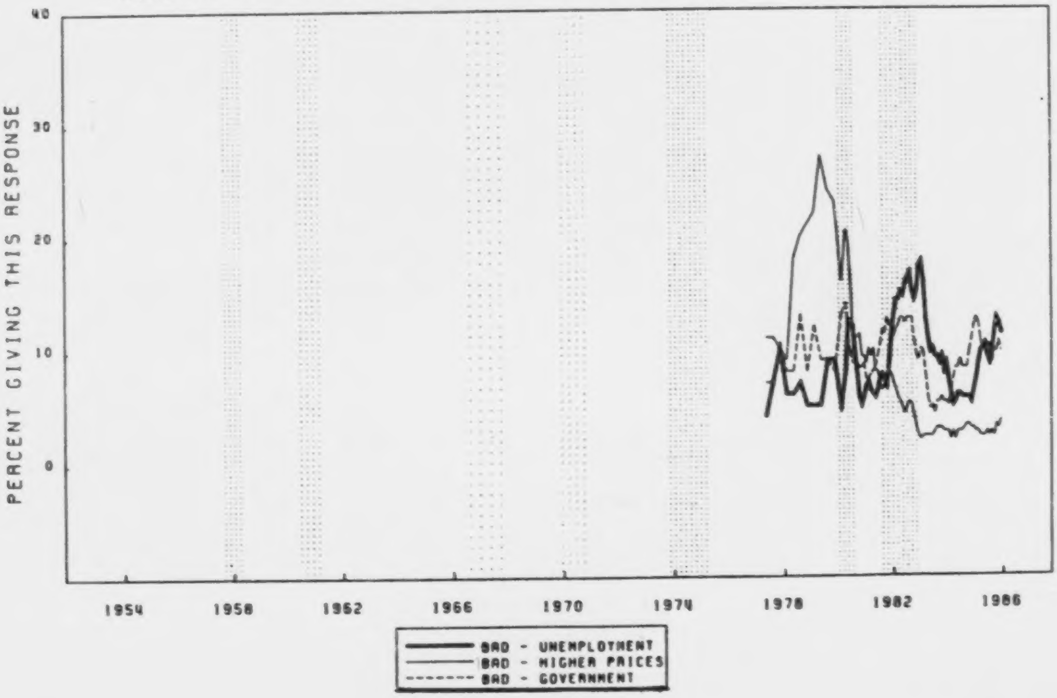


TABLE 16

REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
FAVORABLE REASONS:													
Government; elections	12%	9%	12%	8%	9%	8%	14%	7%	7%	6%	7%	4%	8%
Employment	8	12	8	10	9	9	7	6	12	10	7	7	8
Higher consumer demand	4	4	4	5	5	4	5	2	3	4	3	4	3
Lower prices	2	3	3	1	1	1	1	2	3	1	1	2	2
Easier credit	6	4	4	4	3	2	6	5	6	3	2	4	4
UNFAVORABLE REASONS:													
Government; elections	15	11	11	10	9	13	9	9	8	12	9	11	9
Unemployment	8	9	9	11	10	10	8	8	13	13	12	12	10
Lower consumer demand	4	2	2	4	4	4	2	2	2	3	3	3	3
Higher prices	3	2	3	2	2	3	3	1	4	2	4	3	4
Tighter credit	3	4	3	2	2	1	1	1	2	1	1	1	2
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 17 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

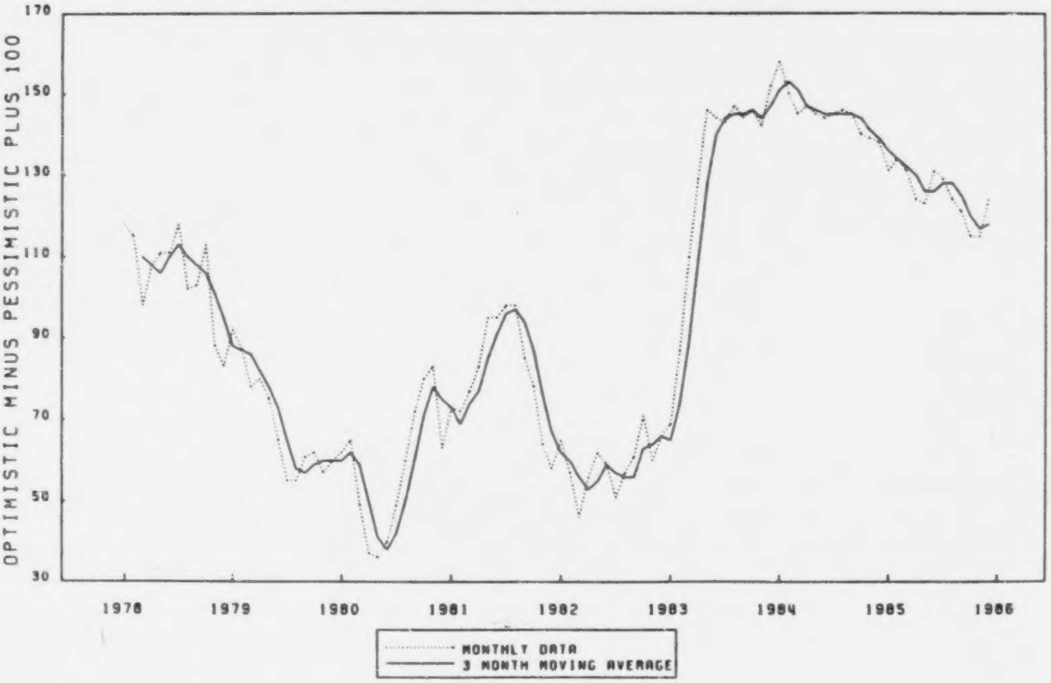


CHART 17 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

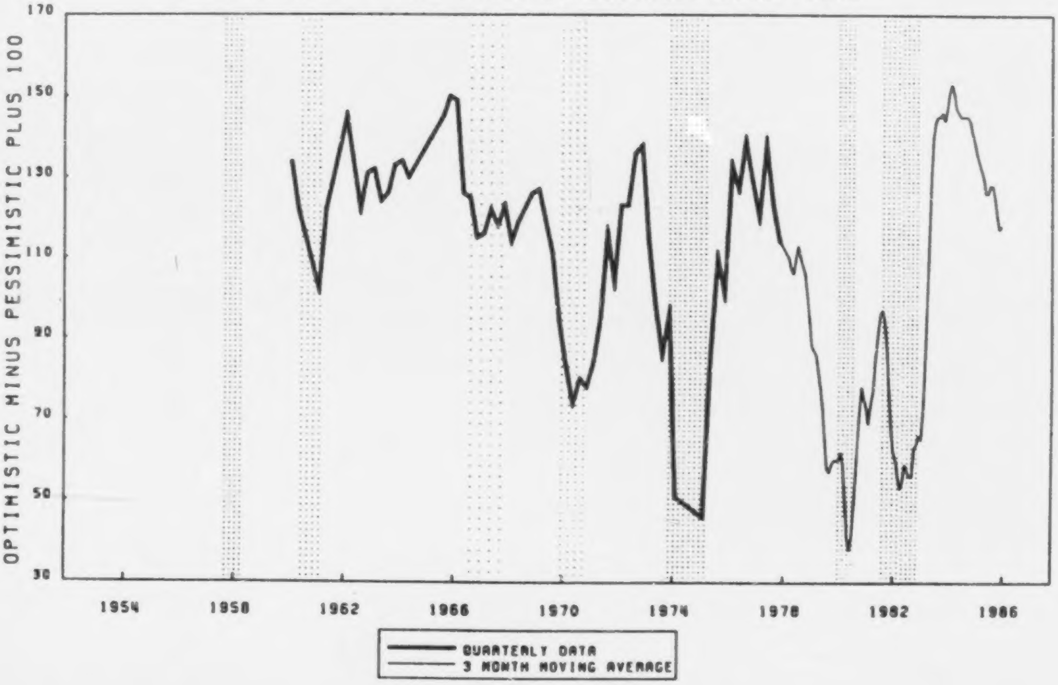


TABLE 17

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
TREND:													
Continuous increase (a)	27%	21%	26%	22%	21%	18%	22%	19%	19%	16%	16%	14%	19%
Intermittent increase (b)	32	36	31	33	29	34	34	36	33	34	31	34	33
Remain unchanged (c)	7	8	7	9	11	8	9	9	10	9	10	8	10
Intermittent decline (d)	13	17	15	15	18	18	17	16	18	19	18	21	19
Continuous decline (e)	8	9	8	9	8	11	8	10	10	10	14	12	9
Mixed change (f)	9	7	9	8	8	8	6	6	7	8	7	7	7
DK,NA	4	2	4	4	5	3	4	4	3	4	4	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

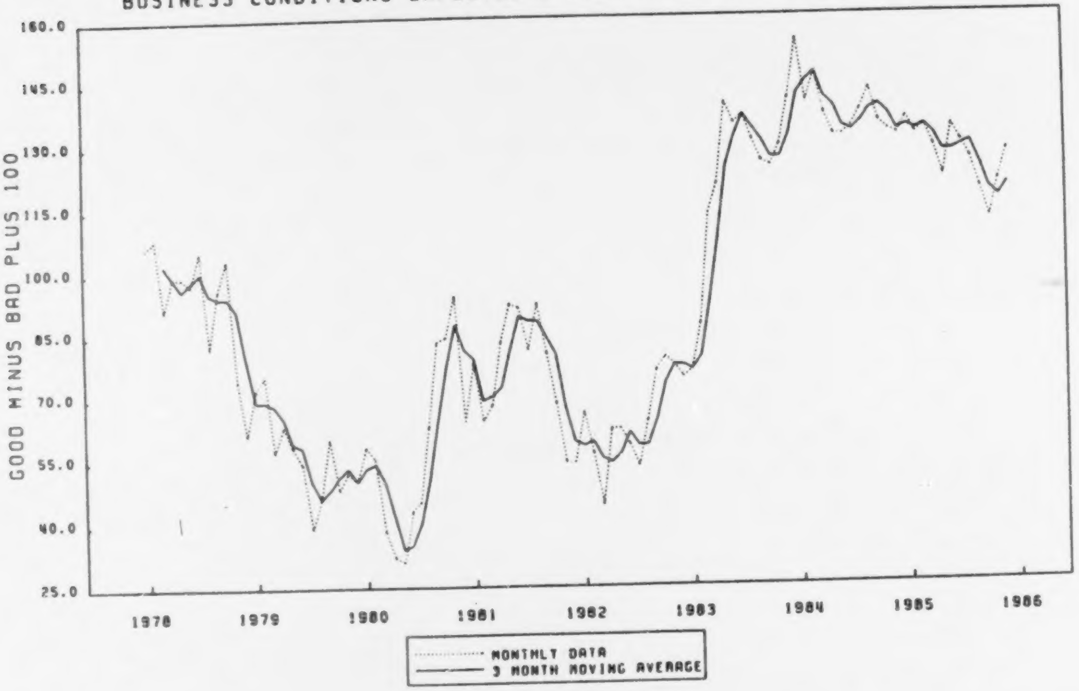


CHART 18 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

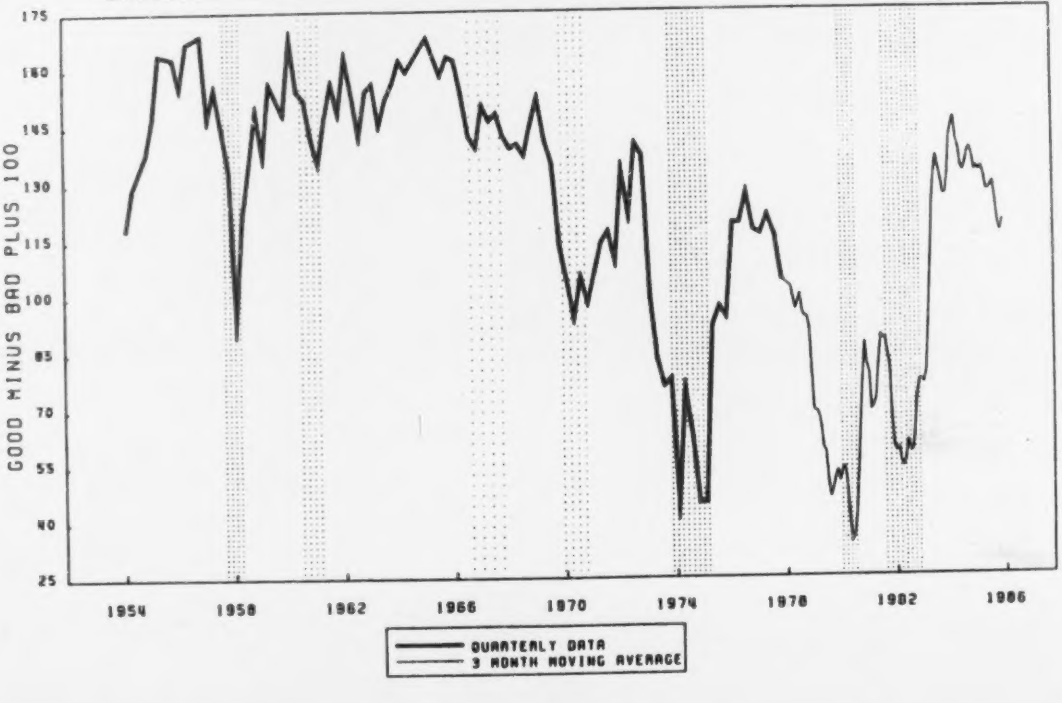


TABLE 18

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIMES	59%	63%	62%	62%	58%	55%	59%	58%	57%	52%	49%	53%	57%
UNCERTAIN; GOOD & BAD	3	4	2	2	3	1	3	3	4	4	3	4	4
BAD TIMES	28	28	31	29	30	34	26	29	32	34	38	33	30
DON'T KNOW	7	4	3	5	6	6	5	7	4	8	5	6	7
NOT ASCERTAINED	3	1	2	2	3	4	7	3	3	2	5	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

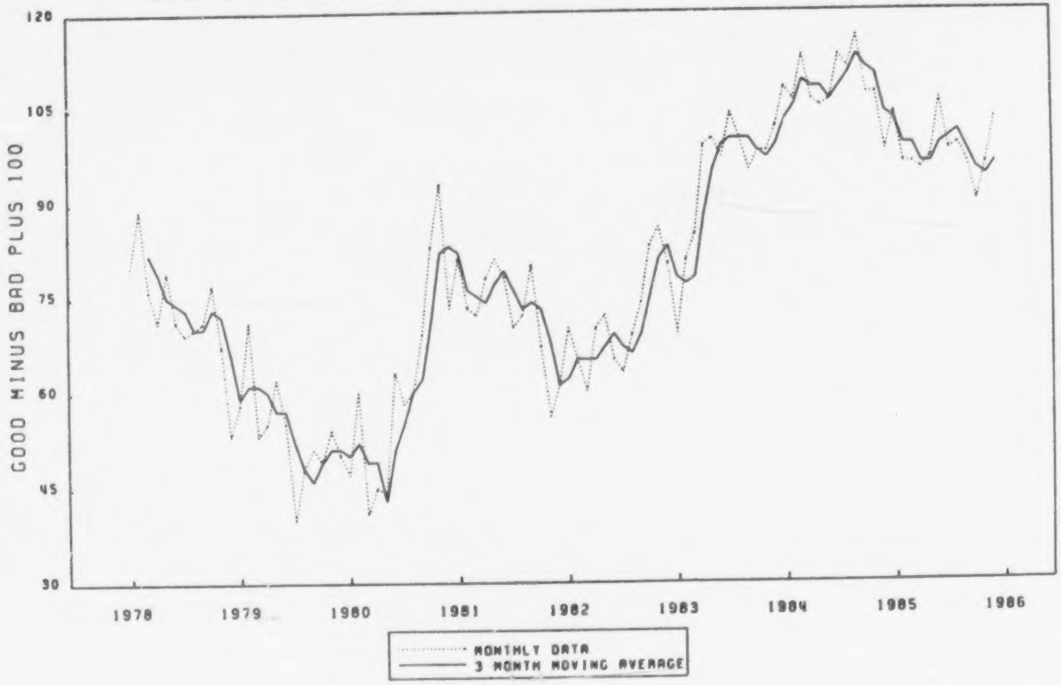


CHART 19 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

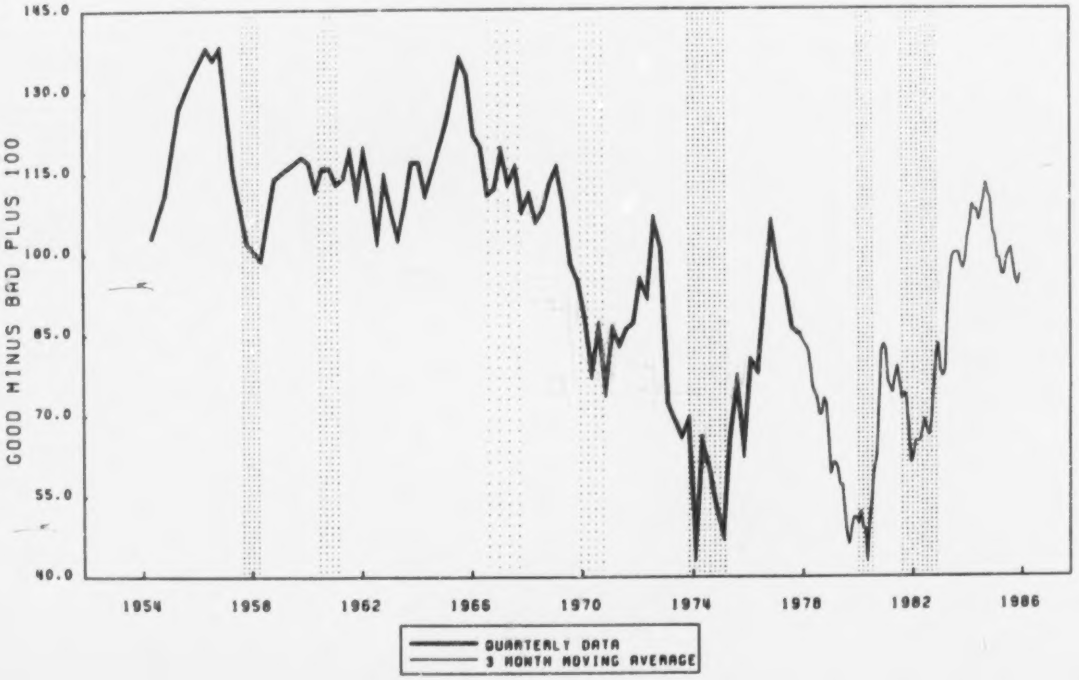


CHART 19 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

TABLE 19

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIMES	39%	43%	41%	40%	39%	40%	43%	41%	41%	38%	35%	38%	40%
UNCERTAIN; GOOD & BAD	15	15	11	13	14	14	17	13	14	16	15	14	17
BAD TIMES	41	39	45	44	44	43	37	43	42	42	45	42	37
NOT ASCERTAINED	5	3	3	3	3	3	3	3	3	4	5	6	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

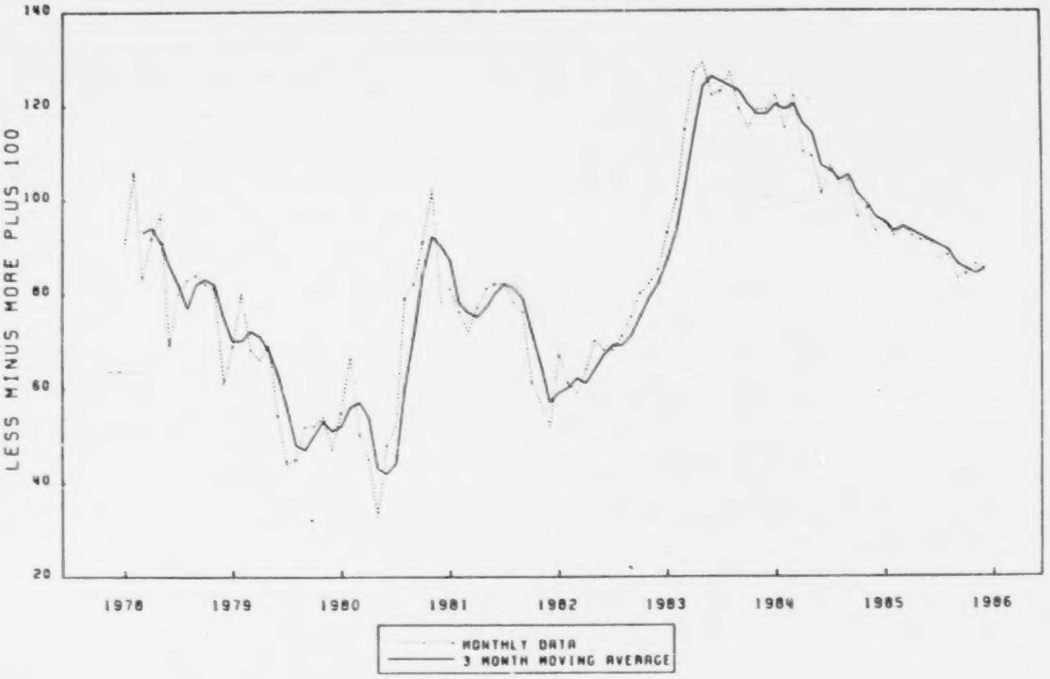


CHART 20 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

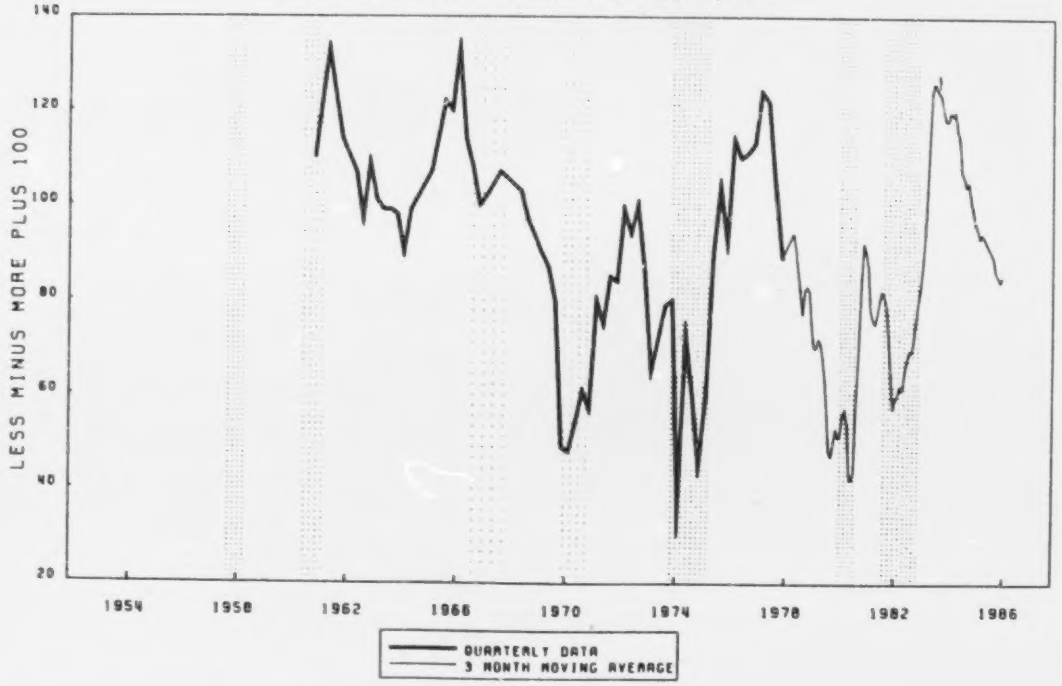


CHART 20 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

TABLE 20

EXPECTED CHANGE IN UNEMPLOYMENT

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
LESS	21%	20%	20%	23%	20%	19%	16%	14%	17%	14%	16%	15%	15%
SAME	50	54	50	47	50	52	58	58	52	53	51	54	54
MORE	28	25	28	29	28	28	25	27	29	31	32	29	30
DK,NA	1	1	2	1	2	1	1	1	2	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

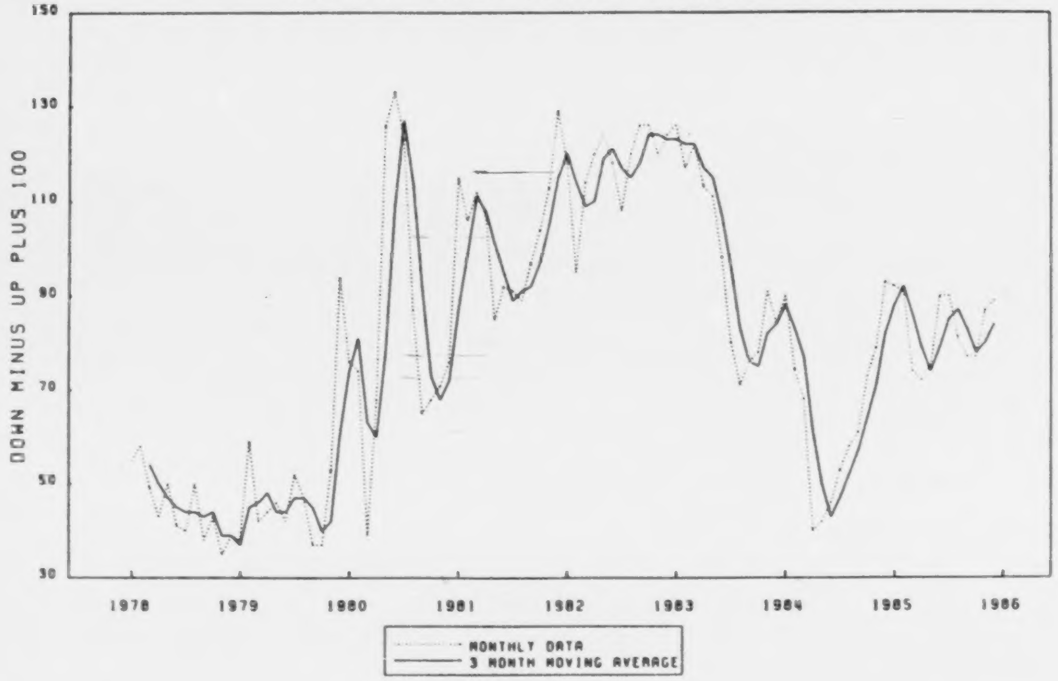


CHART 21 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

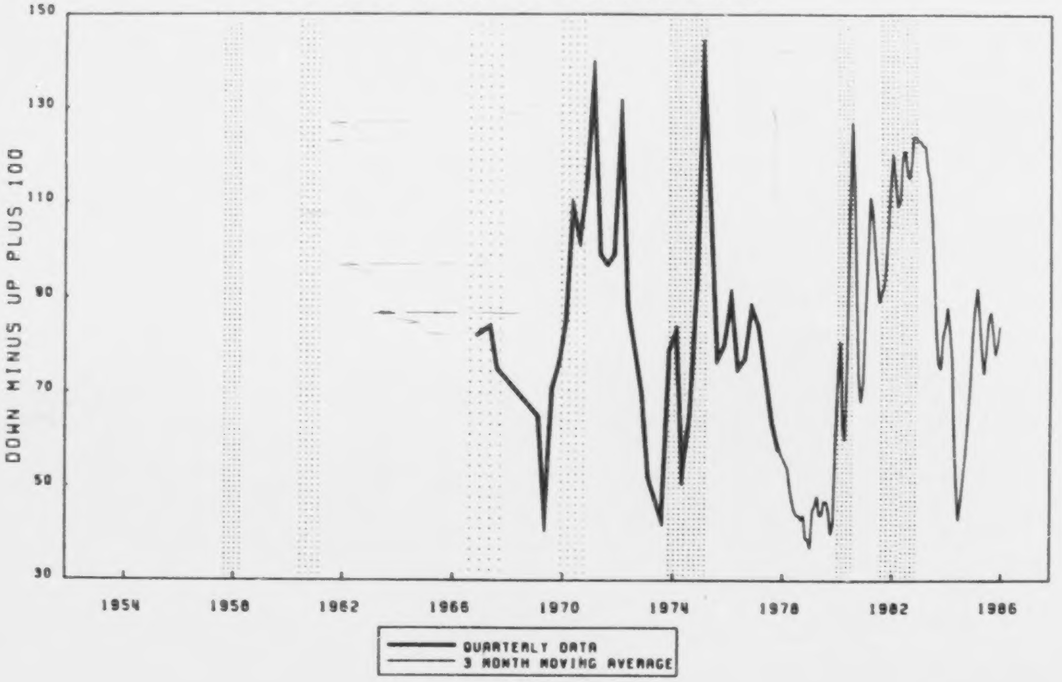


CHART 21 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

TABLE 21

EXPECTED CHANGE IN INTEREST RATES

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GO UP	37%	36%	35%	45%	47%	44%	36%	35%	41%	43%	44%	36%	36%
STAY THE SAME	30	33	37	32	31	34	36	38	35	34	33	37	37
GO DOWN	30	28	26	19	19	19	26	25	22	20	21	23	25
DK,NA	3	3	2	4	3	3	2	2	2	3	2	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 22 - RECENT CHANGES
CHANGE IN PRICES DURING THE LAST 12 MONTHS

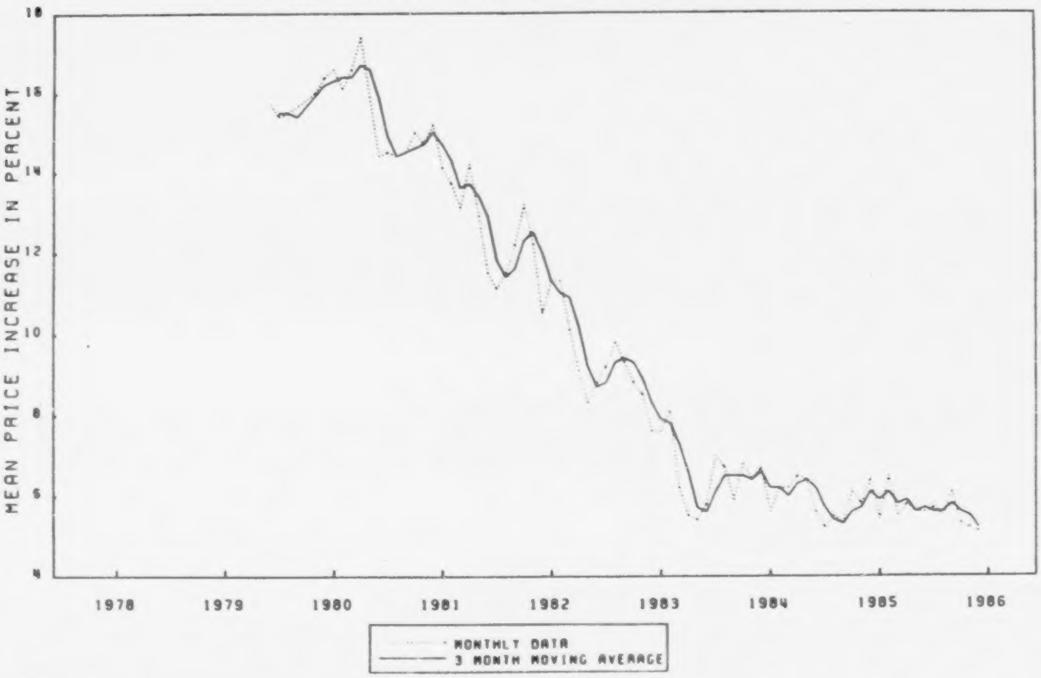


CHART 22 - HISTORICAL SERIES
CHANGE IN PRICES DURING THE LAST 12 MONTHS

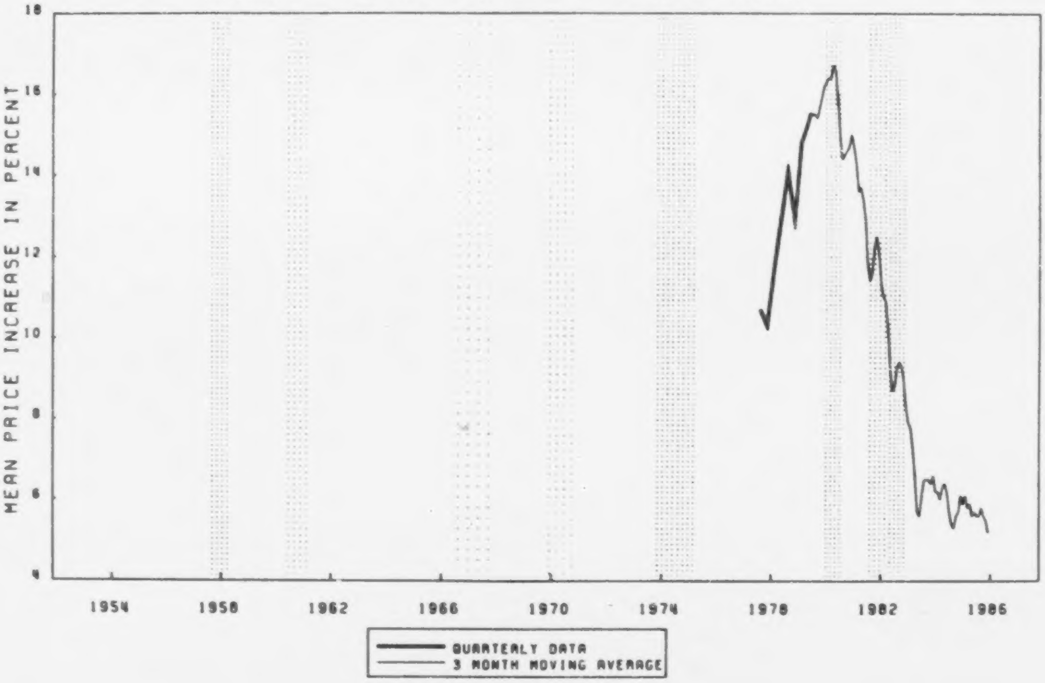


TABLE 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
SAME OR DOWN	24%	25%	25%	28%	24%	23%	24%	25%	23%	26%	28%	26%	25%
GONE UP BY:													
1-2%	9	11	11	11	10	13	12	13	10	12	10	13	11
3-4%	14	17	16	18	17	18	18	16	19	18	17	17	19
5%	18	17	13	14	16	16	13	16	19	13	14	15	15
6-9%	6	7	8	5	8	7	9	6	5	4	6	7	7
10-14%	11	10	11	10	13	9	11	11	11	12	12	9	10
15% or more	10	8	11	9	8	9	9	7	8	9	7	7	7
DK how much up	7	5	4	5	4	4	3	5	4	5	5	5	5
DK,NA	1	*	1	*	*	1	1	1	1	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	6.4	5.4	6.5	5.5	5.8	5.6	5.6	5.7	5.5	6.1	5.3	5.2	5.1
VARIANCE	86	66	93	72	64	72	61	82	58	92	69	69	52
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up,on the average, during the last 12 months?"

* : Less than half of one percent.

CHART 23 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

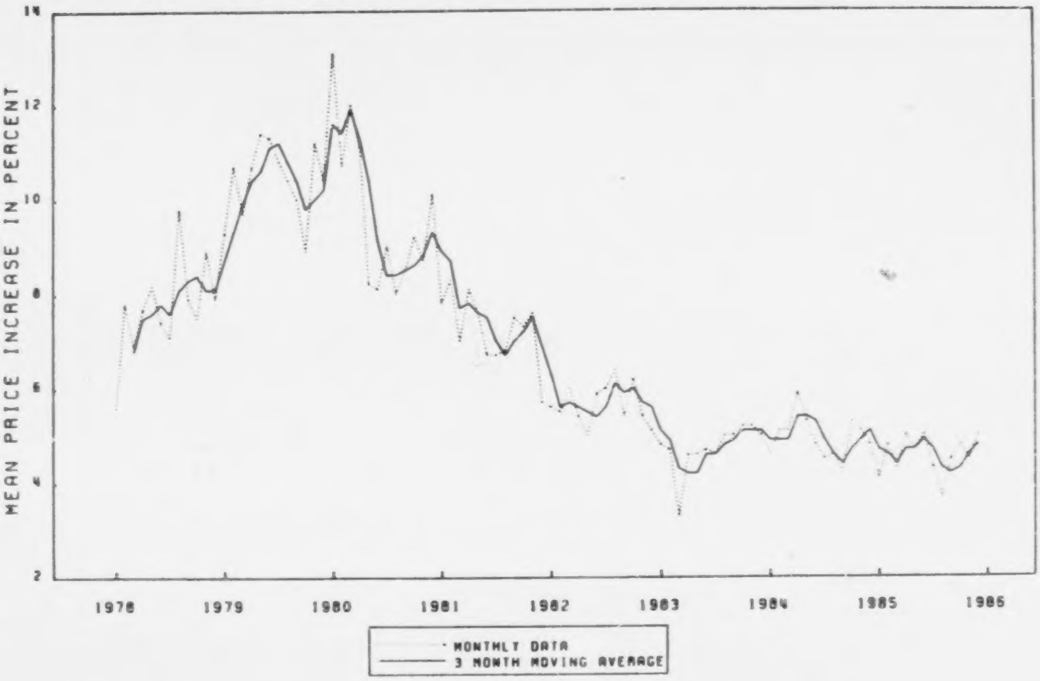


CHART 23 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

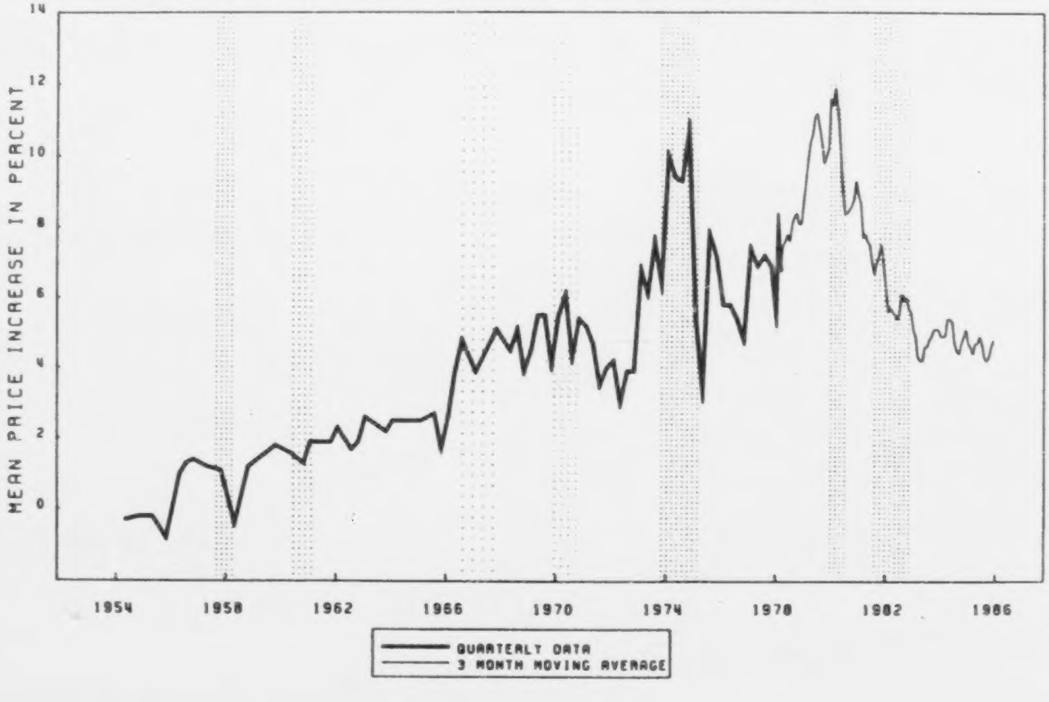


TABLE 23

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
SAME OR DOWN	25%	26%	25%	26%	22%	20%	19%	24%	26%	26%	23%	25%	21%
WILL GO UP BY:													
1-2%	13	16	14	15	13	17	16	19	18	18	13	14	11
3-4%	17	20	19	19	20	20	21	20	21	17	21	20	22
5%	16	15	15	15	16	20	19	14	16	14	15	16	18
6-9%	9	6	6	6	8	6	6	8	6	6	6	6	6
10-14%	9	7	10	9	11	7	9	6	6	9	12	9	9
15% or more	5	4	6	6	6	6	6	4	4	5	5	5	7
DK how much up	4	4	4	4	3	2	2	4	2	3	4	3	5
DK,NA	2	2	1	*	1	2	2	1	1	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.8	4.1	4.8	4.3	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0
VARIANCE	44	36	51	34	44	46	51	49	21	46	41	42	43
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 24 - RECENT CHANGES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

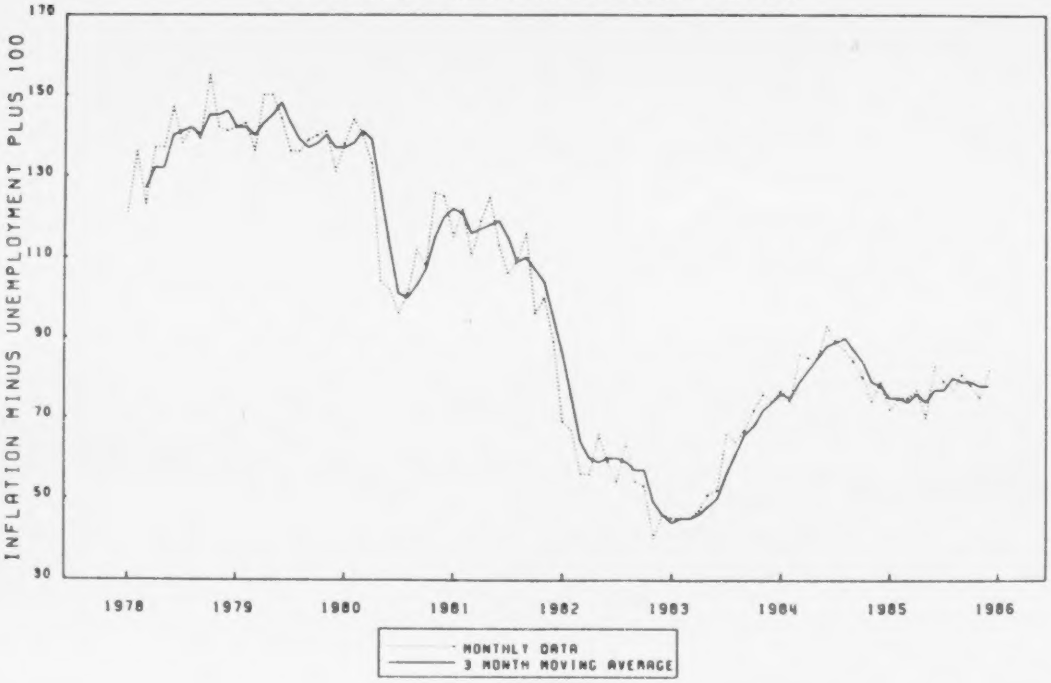


CHART 24 - HISTORICAL SERIES
UNEMPLOYMENT OR INFLATION MORE SERIOUS

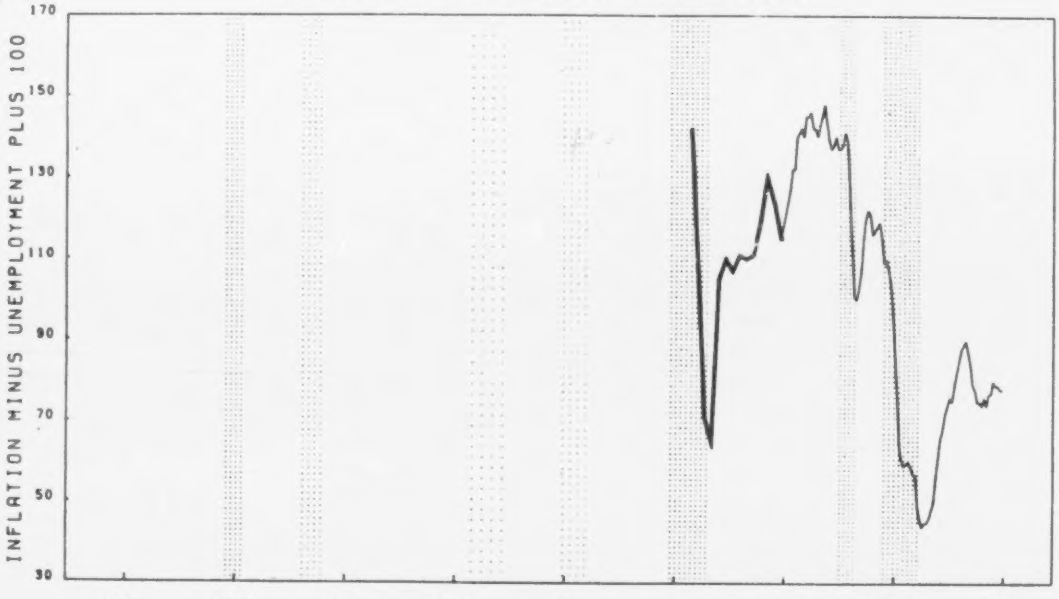


TABLE 24

UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
UNEMPLOYMENT	56%	60%	58%	59%	57%	61%	55%	57%	57%	54%	56%	59%	56%
BOTH EQUALLY SERIOUS	6	6	5	5	6	6	4	5	5	6	7	5	5
INFLATION	35	32	33	34	34	31	38	36	34	35	34	34	38
DK,NA	3	2	4	2	3	2	3	2	4	5	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

CHART 25 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

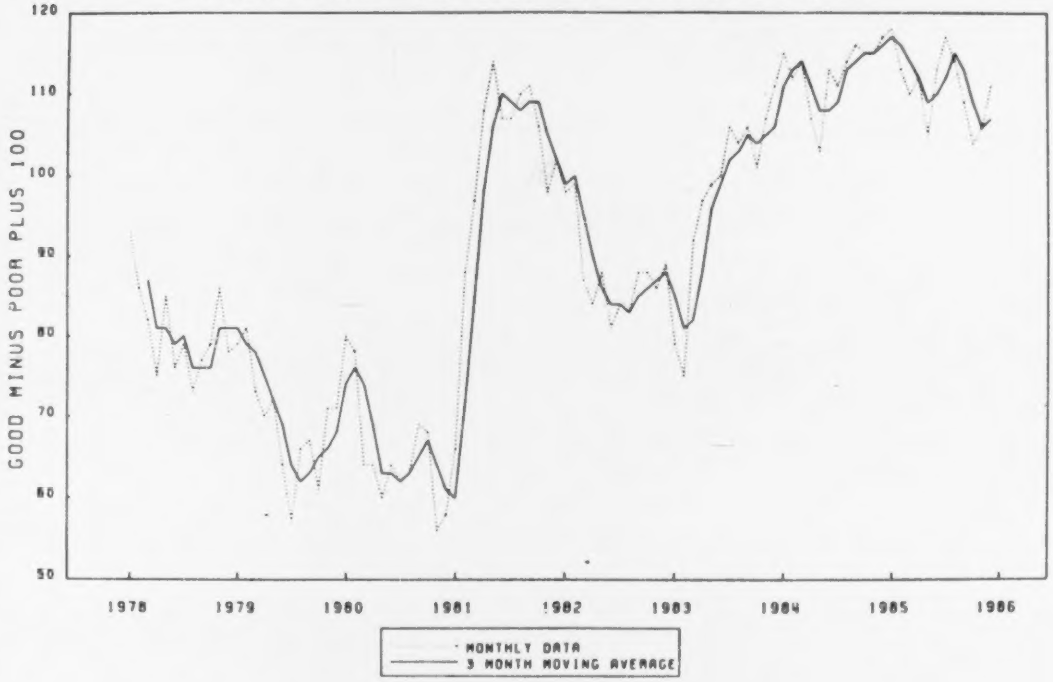


CHART 25 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

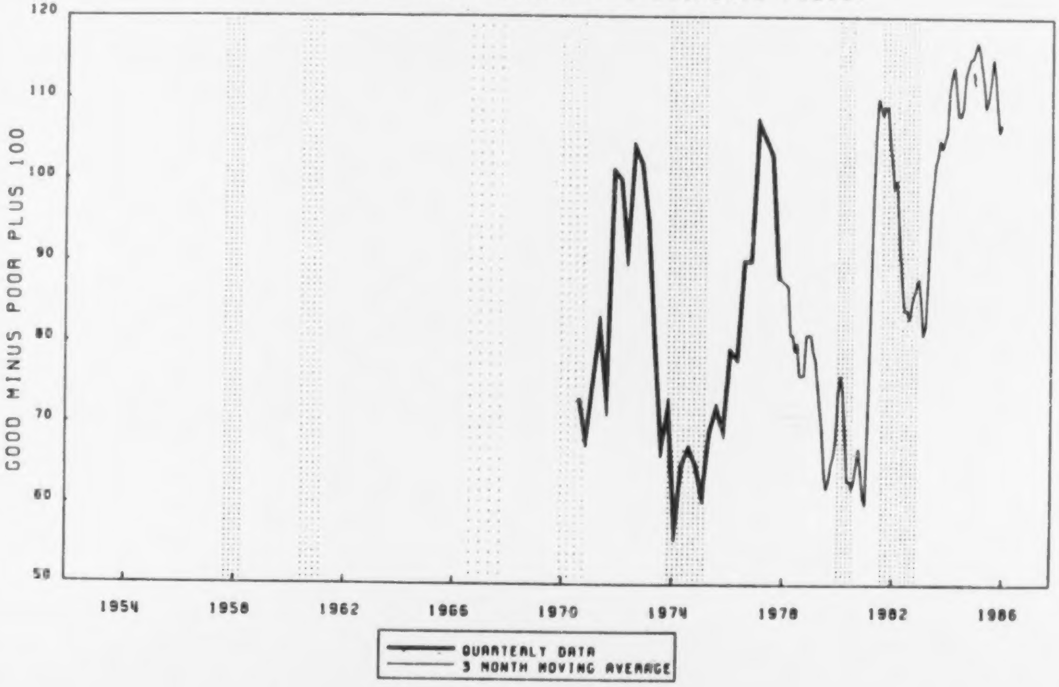


TABLE 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
A GOOD JOB	33%	34%	33%	32%	30%	26%	29%	31%	29%	29%	25%	28%	28%
ONLY FAIR	49	49	46	43	50	51	53	52	53	49	50	48	53
A POOR JOB	16	16	20	22	18	21	16	14	15	20	21	22	17
DK,NA	2	1	1	3	2	2	2	3	3	2	4	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

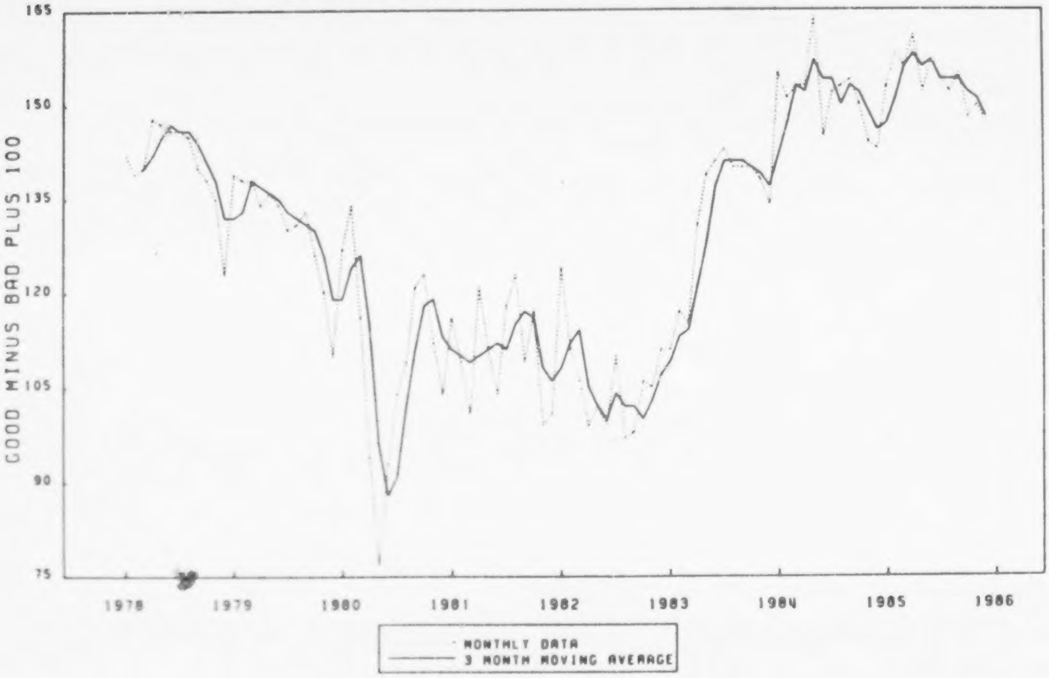


CHART 26 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

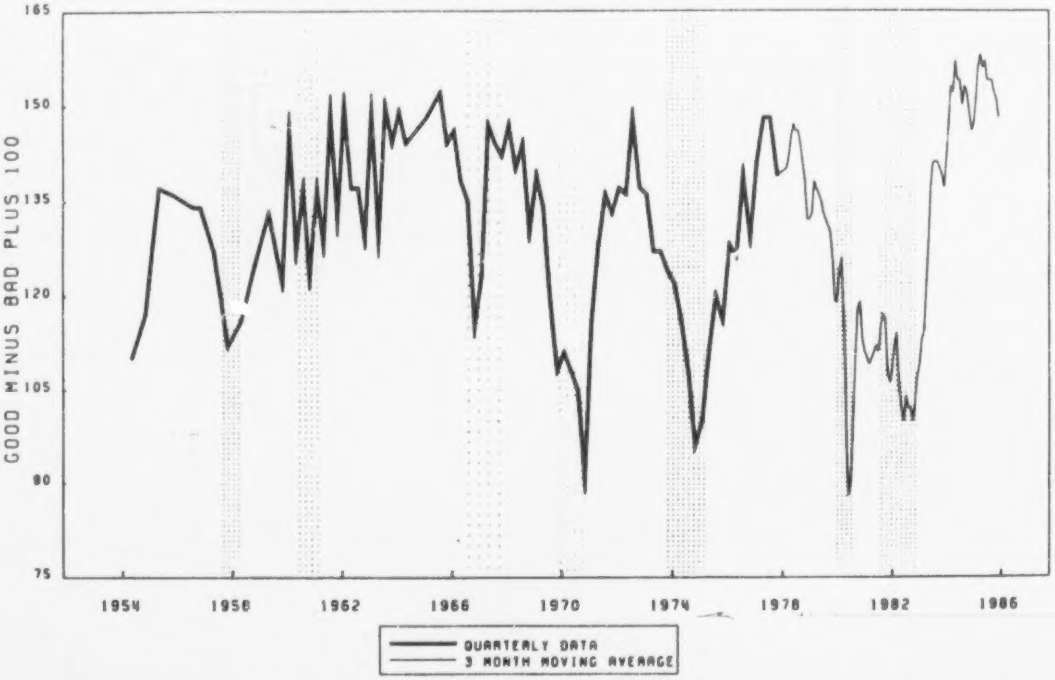


CHART 26 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

TABLE 26

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY	67%	73%	75%	74%	77%	72%	74%	74%	69%	73%	69%	70%	69%
UNCERTAIN, DEPENDS	9	7	8	8	7	8	9	6	14	9	10	10	9
BAD TIME TO BUY	24	20	17	18	16	20	17	20	17	18	21	20	22
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 27A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

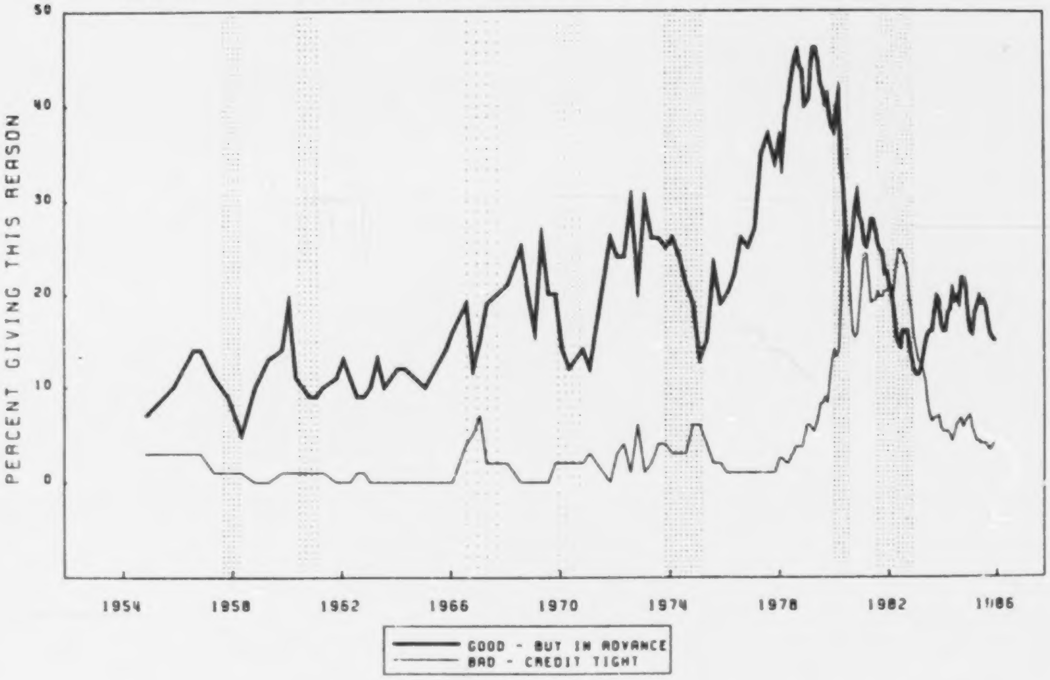


CHART 27B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

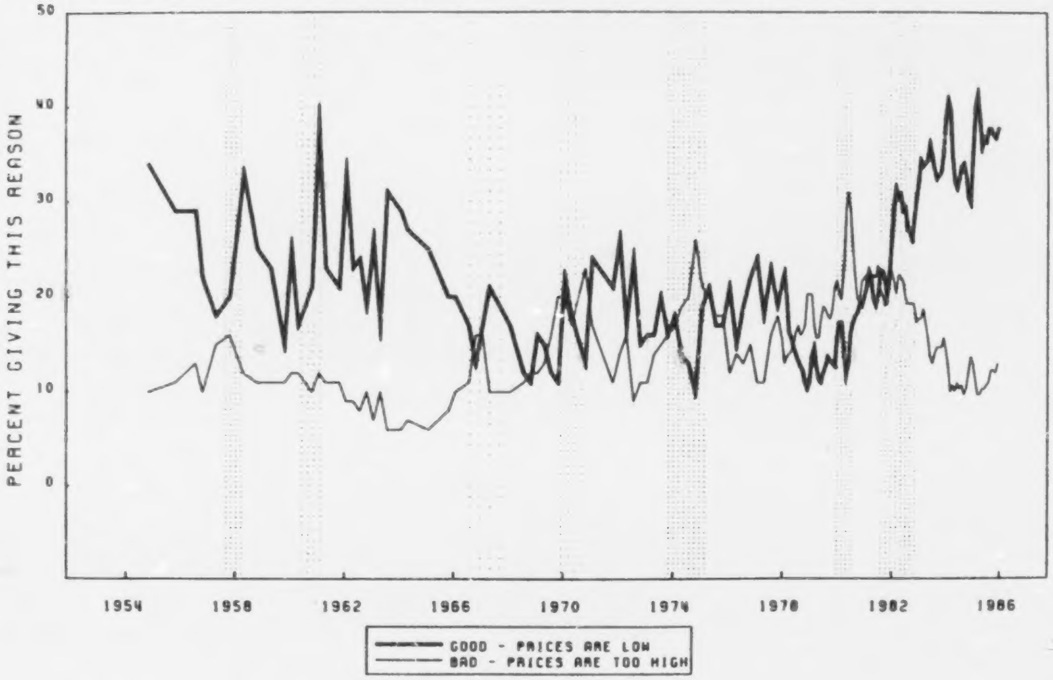


TABLE 27

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	32%	45%	43%	36%	37%	34%	39%	36%	38%	39%	34%	37%	42%
Prices won't come down; are going higher	15	16	16	22	18	19	20	19	17	15	15	16	14
Interest rates low; credit is easy	10	11	11	10	13	11	13	14	15	14	15	12	12
BAD TIME TO BUY:													
Prices are high	15	10	9	10	10	11	10	11	12	14	11	11	17
Interest rates are high; credit is tight	7	6	4	5	4	4	4	4	4	3	3	5	4
Lack of purchasing power	7	10	6	7	6	9	7	6	5	6	8	7	5

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

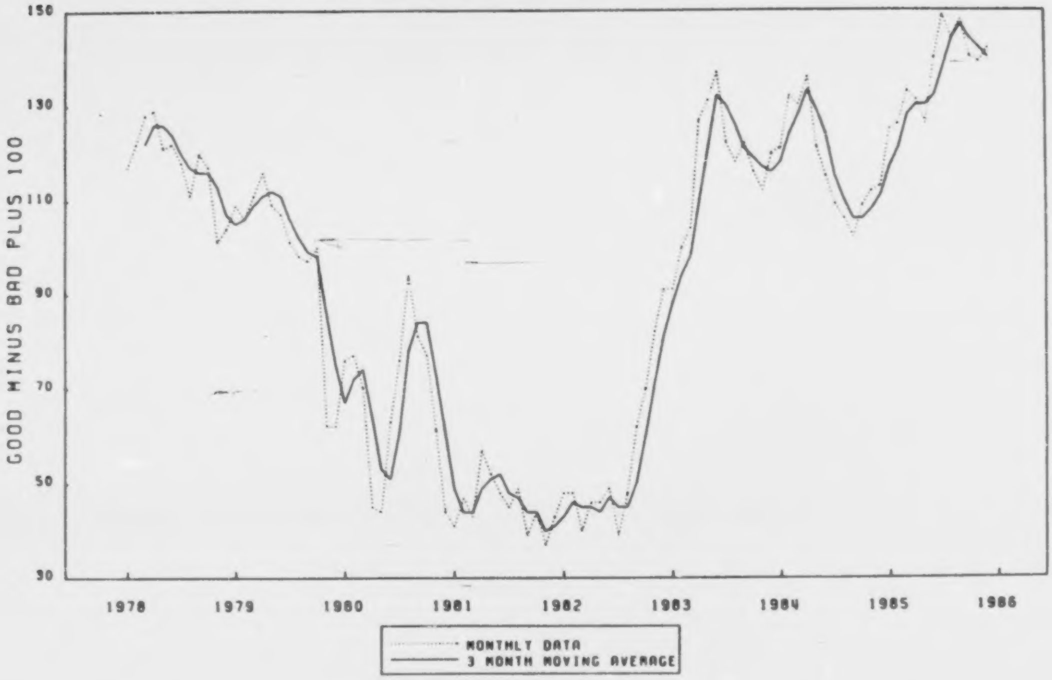


CHART 28 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

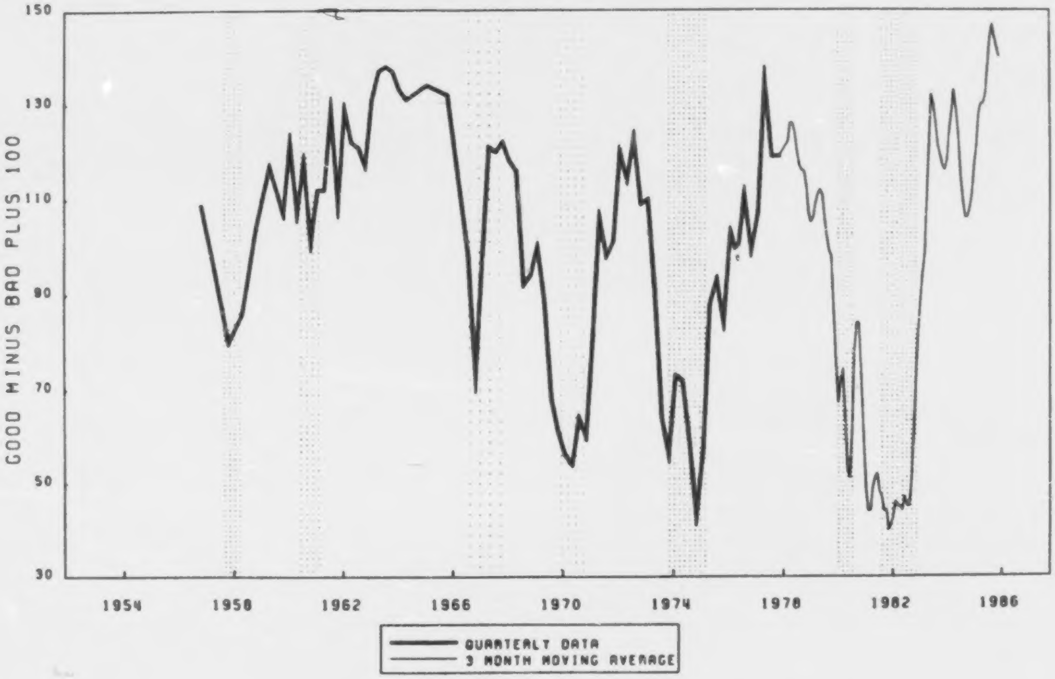


TABLE 28

BUYING CONDITIONS FOR HOUSES

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY	54%	61%	61%	64%	64%	61%	67%	73%	69%	72%	68%	67%	68%
UNCERTAIN, DEPENDS	5	3	4	5	3	4	6	3	6	4	4	5	6
BAD TIME TO BUY	41	36	35	31	33	35	27	24	25	24	28	28	26
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 29A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

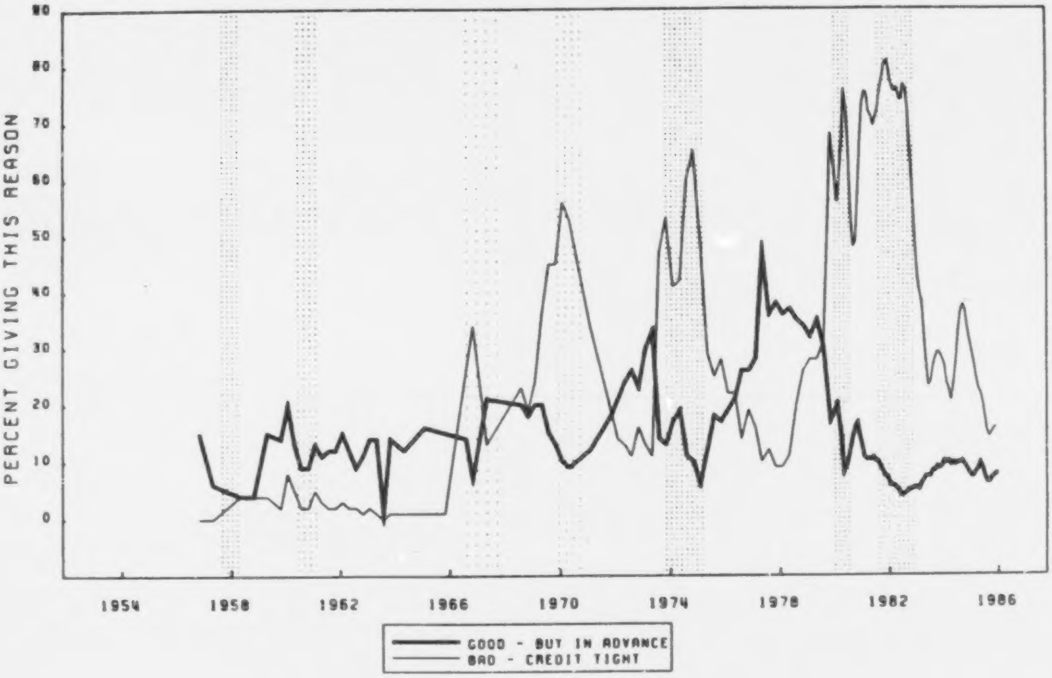


CHART 29B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

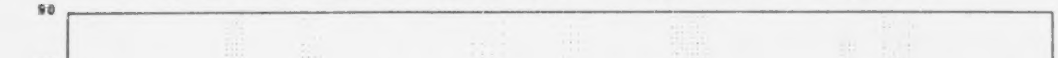


TABLE 29

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	17%	15%	16%	18%	17%	17%	18%	22%	23%	24%	22%	21%	23%
Prices won't come down; are going higher	8	7	7	10	9	10	7	5	7	7	7	8	8
Interest rates low; credit is easy	38	49	50	48	47	43	56	57	58	56	55	52	53
Good investment	5	6	6	7	6	6	6	5	7	4	6	4	5
BAD TIME TO BUY:													
Prices are high	13	14	14	15	15	14	12	11	12	12	15	12	13
Interest rates are high; credit is tight	30	27	25	22	21	23	17	13	16	14	15	18	15
Lack of purchasing power	13	12	11	9	12	16	9	11	9	9	10	10	6

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

CHART 30 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

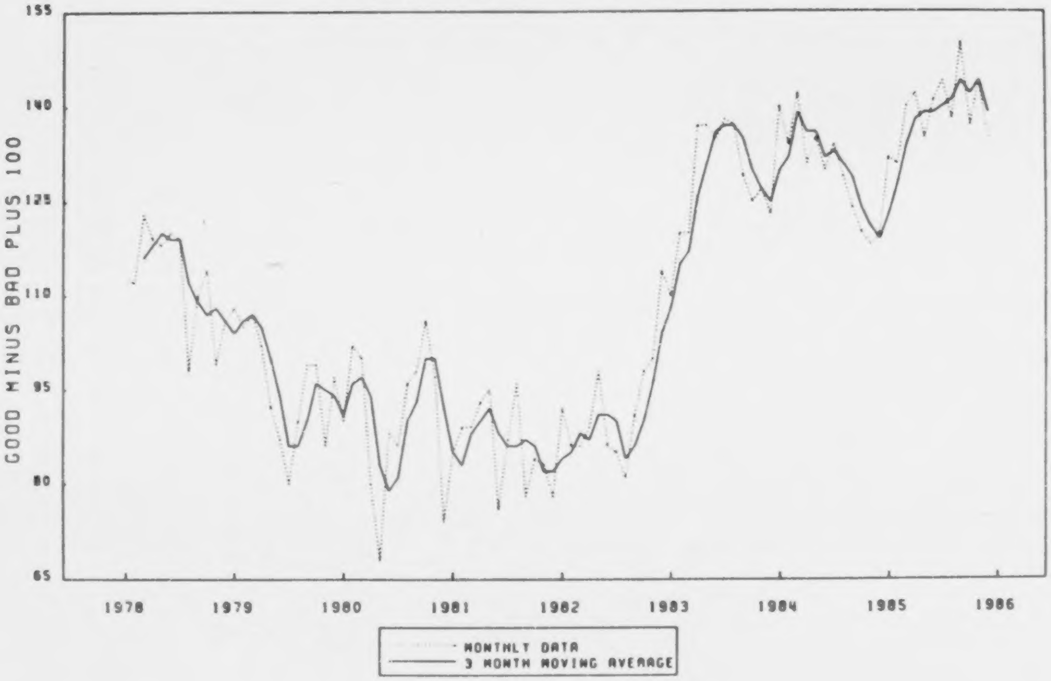


CHART 30 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

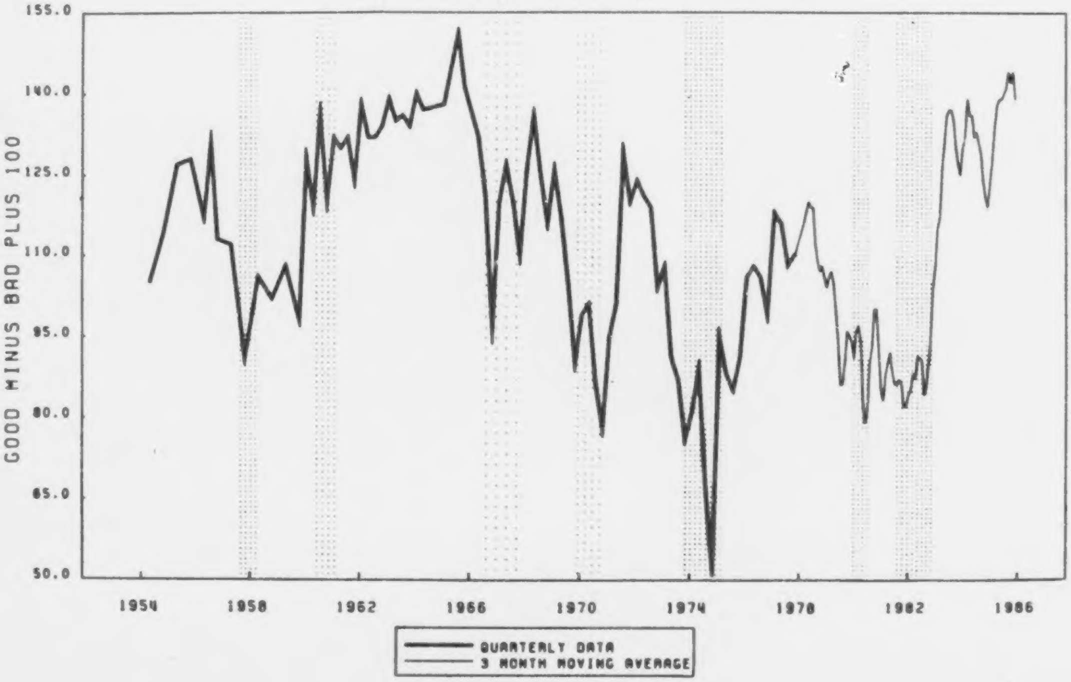


TABLE 30

BUYING CONDITIONS FOR CARS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY	55%	62%	61%	67%	68%	65%	67%	67%	64%	72%	65%	68%	63%
UNCERTAIN; DEPENDS	10	8	9	6	6	5	7	10	10	6	7	8	9
BAD TIME TO BUY	35	30	30	27	26	30	26	23	26	22	28	24	28
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 31A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

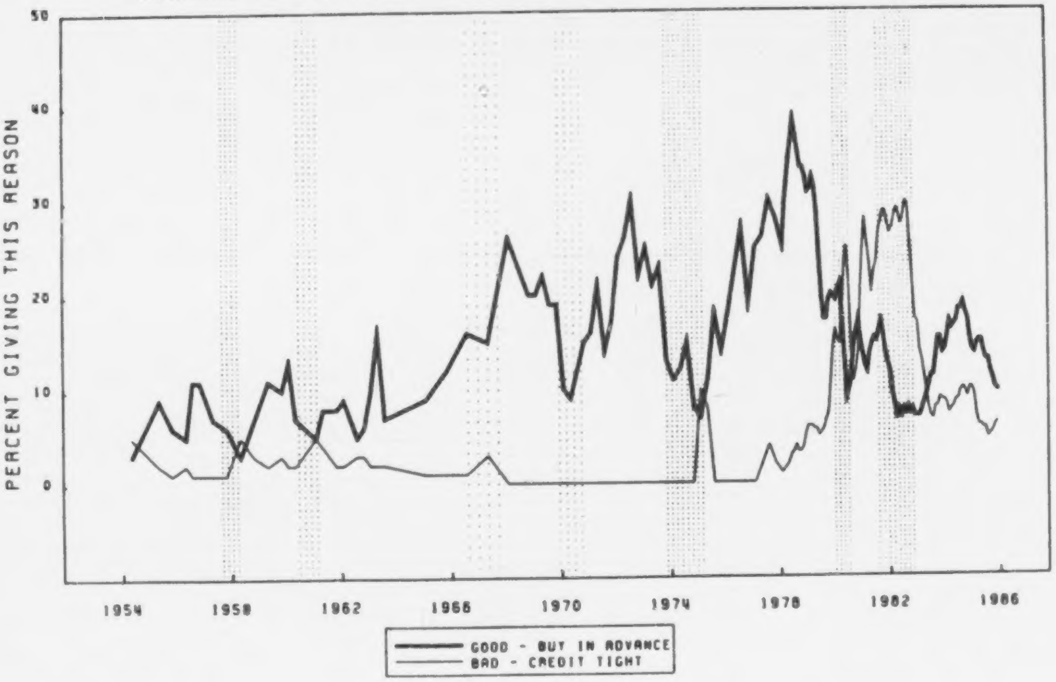


CHART 31B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

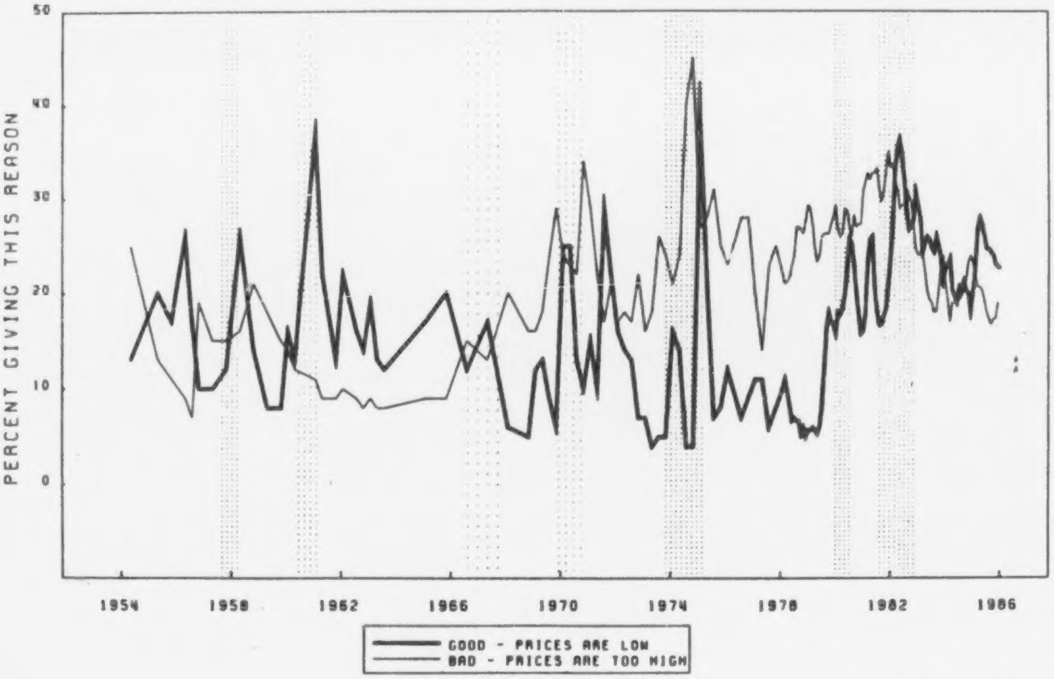


TABLE 31

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
GOOD TIME TO BUY:													
Prices are low; good buys available	18%	24%	26%	30%	28%	24%	26%	24%	24%	25%	23%	21%	24%
Prices won't come down; are going higher	14	13	14	17	14	14	13	12	14	9	10	11	8
Interest rates low; credit is easy	15	23	24	23	25	28	35	35	36	46	41	40	37
New fuel efficient models	2	*	1	1	1	1	1	1	1	1	1	2	1
BAD TIME TO BUY:													
Prices are high	24	21	21	20	21	20	17	17	18	15	19	18	20
Interest rates are high; credit is tight	12	8	8	5	5	8	4	5	5	5	6	7	6
Lack of purchasing power	7	7	6	6	4	6	6	6	4	4	6	4	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	4	4	3	4	3	4	3	4	3	3	1	4

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 32 - RECENT CHANGES
PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

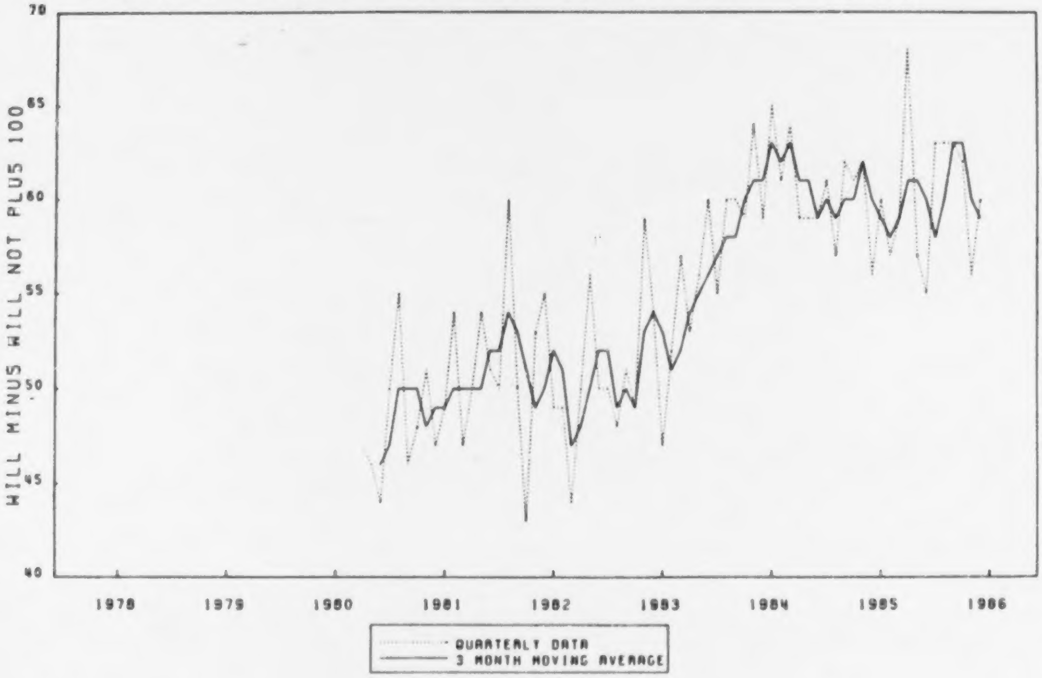


CHART 32 - HISTORICAL SERIES
PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

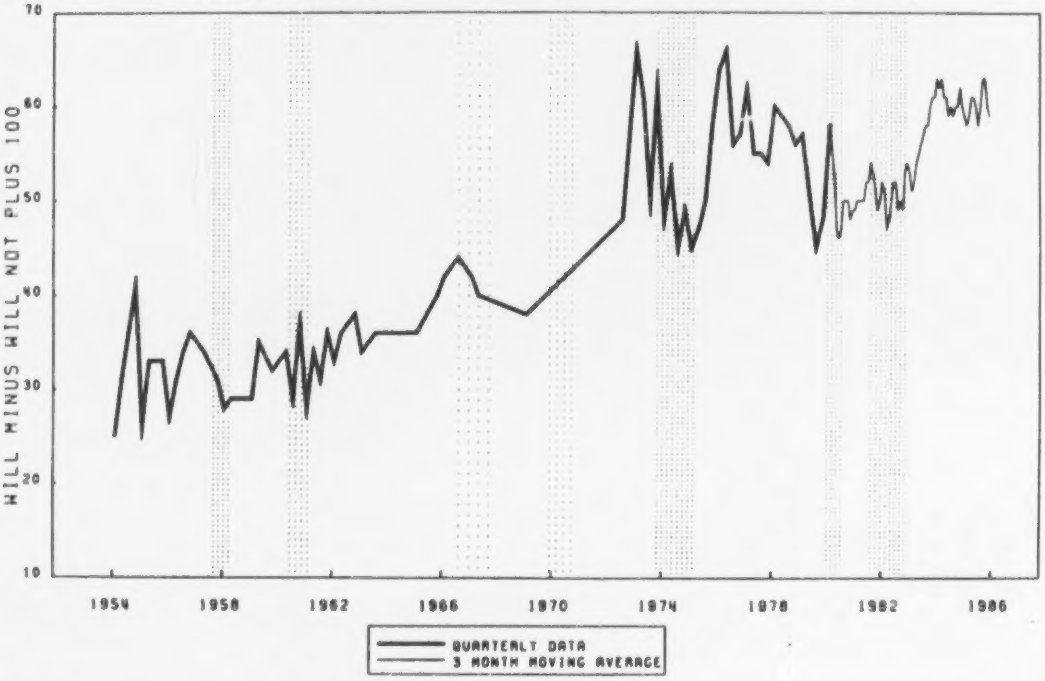


TABLE 32

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
PROBABLY WILL BUY	19%	20%	19%	20%	24%	18%	19%	22%	21%	22%	20%	18%	21%
CHANCES ARE EVEN	9	9	9	8	7	9	7	7	7	8	8	7	8
PROBABLY WILL NOT BUY	63	60	62	61	56	61	64	59	58	59	58	62	61
DK,NA	9	11	10	11	13	12	10	12	14	11	14	13	10
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	704	640	655	653	675	661	652	641	650	654	652	651	652

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

TABLE 33

CURRENT VEHICLE PURCHASE INTENTIONS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
PROPORTION WITH CURRENT PURCHASE INTENTIONS:	28%	29%	28%	28%	31%	27%	26%	29%	28%	30%	28%	25%	29%
PURCHASE TYPE:													
Buy new	13	17	15	14	17	14	14	14	14	15	16	12	12
Buy used	13	11	11	13	12	12	10	14	13	13	9	10	14
Lease	1	1	1	1	1	1	2	1	*	1	2	2	2
DK,NA	1	*	1	*	1	*	*	*	1	1	1	1	1
PURCHASE TIMING:													
Next 3 months	3	5	4	2	8	5	1	9	3	3	3	2	1
Next 4-6 months	6	8	9	8	9	7	8	5	6	6	7	5	7
Next 7-9 months	10	7	8	11	6	7	6	5	5	6	6	7	11
10 months or more	7	5	4	5	3	5	6	6	8	9	7	6	5
DK,NA	2	4	3	2	5	3	5	4	6	6	5	5	5

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?" , "Would you buy or lease?" and "When do you think you might buy or lease a car?"

* : Less than half of one percent.

TABLE 34

FUTURE VEHICLE PURCHASE INTENTIONS

	Dec. 1984	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985
PROPORTION WITH FUTURE PURCHASE INTENTIONS:	63%	60%	62%	61%	56%	61%	64%	59%	58%	59%	58%	62%	61%
PURCHASE TYPE:													
Would buy new	34	35	32	35	34	36	37	35	31	35	33	41	37
Would buy used	28	25	28	25	21	25	26	24	26	23	24	19	23
DK,NA	1	*	2	1	1	*	1	*	1	1	1	2	1
PURCHASE TIMING:													
Less than 2 years	7	8	9	6	5	7	8	5	4	5	5	5	7
2 years	23	18	19	21	21	21	24	20	21	19	19	20	23
3 years	10	9	10	10	11	13	10	10	10	11	8	13	8
4 years or more	15	19	17	19	14	16	16	22	19	19	18	19	19
Indefinite	3	2	2	2	1	1	2	1	2	1	3	1	1
DK,NA	5	4	5	3	4	3	4	1	2	4	5	4	3

If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

* : Less than half of one percent.

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

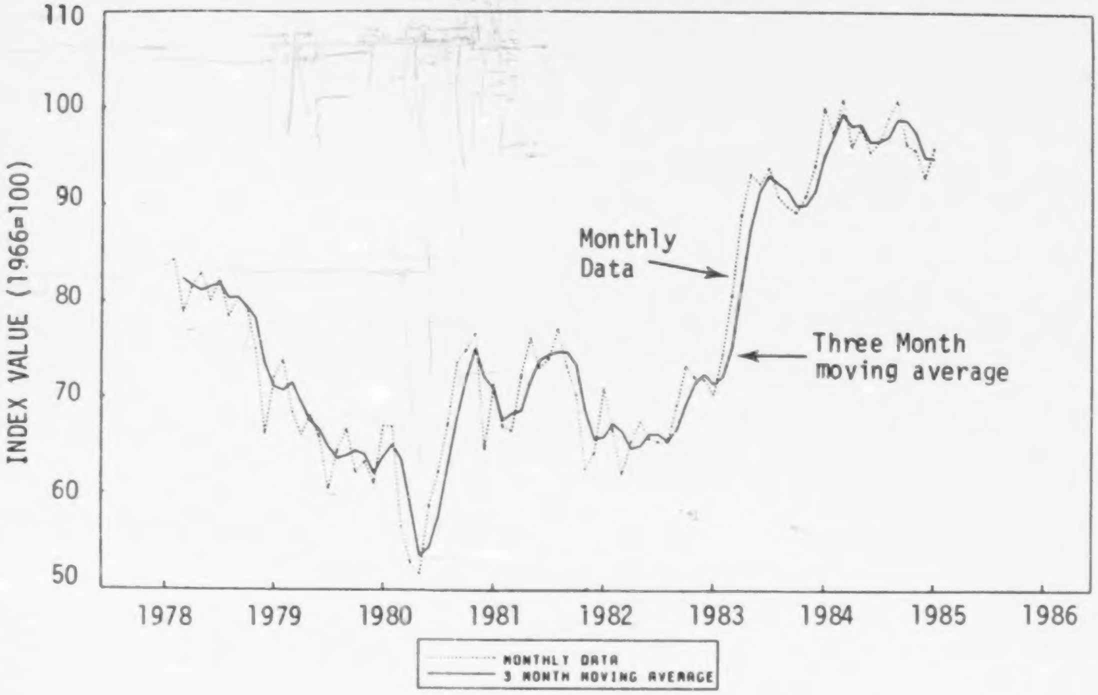
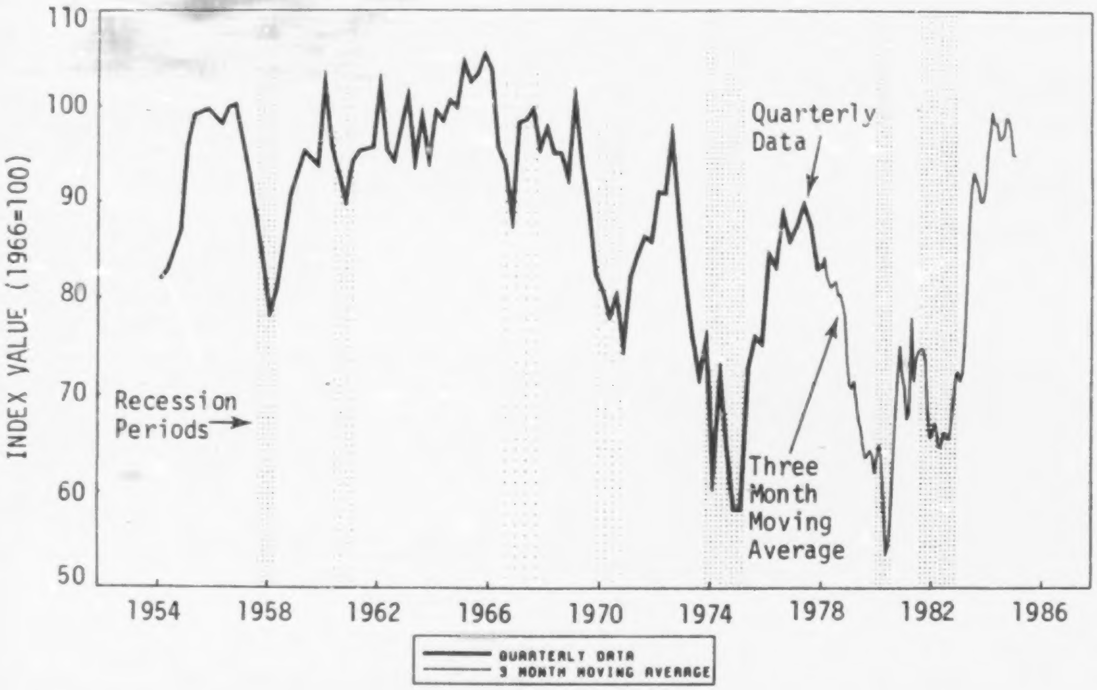


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES: November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

January 10, 1986

DECEMBER 1985 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMERS MAINTAIN POSITIVE OUTLOOK FOR 1986

- In the December 1985 survey, the Index of Consumer Sentiment was 93.9, up three points from one month earlier, and one point above the year earlier figure. The small year end improvement was due to continued gains in the financial situation of consumers, as well as to a somewhat more favorable outlook for the national economy.

- Among families with incomes of $25,000 or more, the Index was 101.1 in the December 1985 survey, barely above the 100.4 recorded in November, and the 100.1 recorded at year end 1984.

- The personal financial situation of American families improved at year end 1985. The proportion of families that reported an improved financial situation rose to 46 percent in December, up from 38 percent one month earlier. Financial prospects for the year ahead also remained favorable, largely because the majority of consumers (55 percent) expected their current improved situation to remain the same during the year ahead. Further improvement was expected by 33 percent of all families, while a worsened financial situation was expected by only 9 percent in the December 1985 survey.

- Consumers expect a slow pace of expansion in the national economy during 1986. Among all families in the December 1985 survey, the majority reported that the economy had improved during the past year (52 percent), and the majority expected the overall performance of the economy to remain the same during the year ahead (58 percent). Few consumers expected the onset of a recession during 1986 (14 percent).

- The majority of consumers expected the national unemployment rate to remain at about its current level during the year ahead (54 percent). On the margin, however, the expectations of increased unemployment were reported twice as frequently as decreases in the December 1985 survey (30 versus 15 percent). The annual rate of inflation was expected to average 5.0% during 1986 in the year end 1985 survey, just above the 4.8% recorded one year earlier.

- Attitudes toward buying conditions for household durables, vehicles, and homes remained very favorable in the December 1985 survey. The availability of price discounts as well as reduced interest rates continues to support these favorable buying attitudes.

● ● ●

Consumer sentiment has remained at very favorable levels for almost three years. It was in May of 1983 that the Index first rose above 90, and consumer sentiment has since remained at high levels. The December 1985 reading was just seven Index points below the early 1984 cyclical peak, and still forty points above the 1980 low. Although the Index figures were nearly identical in the May 1983 (93.3) and the December 1985 surveys (93.9), there is a significant difference in its implications for consumer spending. In 1983, consumer sentiment was not only high, but rising; by the end of 1985, consumer sentiment remained favorable, but had lost its upward momentum. The outlook for consumer spending during 1986 will remain favorable, but the rate of growth in spending will be reduced. Discounts on prices and interest rates became the expected norm by 1986, and any absence of discounts is now viewed as temporary, and therefore a cause for postponement. As a consequence, the evolving pace of sales will not only be slower, but also uneven, depending on the availability of discounts.

Personal Finances Improve

In the December 1985 survey, 46 percent of all families reported that their financial situation had improved during the past year, up from 38 percent in November, and 44 percent in December 1984. The improvement reflected a shift from reports of no net change to reports of financial gain, as the proportion of families that reported a worsened financial situation was 26 percent in both the December 1984 and the December 1985 surveys. When asked to explain how their financial situation had changed, 36 percent of all families cited income increases in December, up from 31 percent in November, and 33 percent one year earlier. Declines in family income were mentioned by 17 percent in both the 1984 and 1985 year end surveys.

Consumers continued to favorably view prospects for their financial situation during the year ahead. Among all families, 33 percent expected their financial situation to improve, just below the 36 percent recorded both one month and one year earlier. This small decline was accompanied by more frequent expectations among families that their financial situation would remain on balance unchanged—rising to 55 percent in December 1985 from 50 percent one year earlier. Although the majority did not expect further improvement, just 9 percent of all families expected their financial situation to worsen in the December 1985 survey, down from 12 percent one month earlier, and 11 percent one year earlier.

Slow Economic Expansion Expected to Continue

Improvement during the past year in the national economy was reported by 52 percent of all families in the December 1985 survey, up from the recent low of 47 percent in October, but still well below the 63 percent recorded at year end 1984, and the all time peak of 75 percent recorded at the start of 1984. While the overall decline during the past two years has been substantial, the December 1985 figure of 52 percent was nonetheless more than three times the 14 percent recorded three years earlier at the end of the last recession.

In the December 1985 survey, the majority of consumers expected the performance of the national economy in 1986 to be similar to 1985. Among all families at year end 1985, 58 percent expected the overall performance of the economy to remain unchanged, up from 47 percent at year end 1984. Better business conditions during the year ahead were expected by 27 percent of all families in December 1985, up from 21 percent in November, but below the year earlier figure of 33 percent. In contrast, just 14 percent of all families in the December 1985 survey expected business conditions in the country as a whole to worsen, down from 18 percent in November and 16 percent one year earlier.

More of the Same Means Good Times Ahead

Good times financially in the country as a whole were expected during the year ahead by 57 percent of all families in the December 1985 survey, up from 53 percent one month earlier, and just below the 59 percent recorded one year earlier. Prospects for business conditions over the longer term also improved by a small amount in the most recent survey. Good times in the economy as a whole during the next five years were expected by 40 percent of all families in the December 1985 survey, just above the 38 percent in November, and 39 percent one year earlier.

The national unemployment rate was expected to remain largely unchanged in 1986 from its year end 1985 level. Among all families in the December 1985 survey, 54 percent expected the unemployment rate to remain at its current level during 1986. Only 15 percent of all families at year end 1985 expected declines in unemployment during 1986, unchanged from the November figure, and below the 21 percent recorded one year earlier. Increases in unemployment were expected twice as frequently as decreases during 1986, with 30 percent expecting higher unemployment in the December survey.

Favorable Buying Attitudes Reflect Trends in Incentives

Vehicles. Favorable vehicle buying attitudes receded at year end from the all time record level recorded in the fall, but still remain very favorable. Among all families in the December 1985 survey, 63 percent held favorable vehicle buying attitudes, down from the record 72 percent recorded in September, but above the year earlier reading of 55 percent. The primary reason for the recent decline, as well as the remaining strength, has been trends in interest rates on vehicle loans. The proportion of families that mentioned the availability of reduced interest rates fell to 35 percent in December from the record 45 percent in September. The continued availability of interest rate reductions, however, kept references to these reductions three times as frequent at year end 1985 as at year end 1984 (12 percent). Perceptions of vehicle prices remained favorable on balance at year end 1985 (24 versus 20 percent), in contrast to a negative balance of opinion one year earlier (18 versus 24 percent). During the last three months of 1985, however, there was a small increase in the proportion that complained about high vehicle prices—from 15 to 20 percent.

Durables. Attitudes toward buying conditions for large household durables remained favorable at year end 1985, primarily due to favorable perceptions of market prices. Among all families in the December 1985 survey, 69 percent held favorable views of buying conditions for household durables, between the 70 and 67 percent recorded one month and one year earlier. When asked to explain their views, 42 percent of all families in the December 1985 survey cited the availability of price discounts, up from 37 percent in November, and 32 percent in December 1984. Interestingly, the year end 1985 increase in mentions of price discounts follows two years when the January surveys recorded a peak—45 percent in both 1984 and 1985.

Homes. Favorable home buying attitudes were held by 68 percent of all families in the December 1985 survey, unchanged from one and two months earlier, but significantly above the 54 percent recorded one year earlier. Most of this improvement was recorded by mid 1985. Favorable perceptions of prices and interest rates continue to support these favorable buying opinions. References to reduced mortgage interest rates were made by 47 percent of all families in the year end 1985 survey, up from 32 percent at year end 1984. Among all families, 23 percent mentioned the availability of good buys compared with 13 percent that complained about high prices for homes. The margin of opinion was narrower last year—17 versus 13 percent.

* * *

The December 1985 survey included 652 interviews conducted between December 1 and December 20, 1985.

TABLE A

REFERENCES TO INTEREST RATES IN SUPPORT OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses[a]		Vehicles	
		Low Rates	BIA[b] Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January	1984	8%	1%	33%	8%	20%	3%
February	1984	9	2	38	12	19	3
March	1984	8	2	36	13	19	3
April	1984	8	6	29	23	15	7
May	1984	7	4	24	20	14	4
June	1984	7	4	21	17	12	6
July	1984	5	5	21	16	16	8
August	1984	6	2	22	13	12	5
September	1984	6	2	22	12	11	4
October	1984	7	4	24	11	10	4
November	1984	8	3	33	11	15	3
December	1984	8	2	32	6	12	3
January	1985	10	1	42	7	21	2
February	1985	9	2	42	8	23	1
March	1985	8	2	38	10	21	2
April	1985	10	3	34	13	22	3
May	1985	9	2	35	8	25	3
June	1985	11	2	50	6	32	3
July	1985	13	1	51	6	33	2
August	1985	15	*	54	4	35	1
September	1985	14	1	51	5	45	1
October	1985	14	1	48	7	40	1
November	1985	10	2	45	7	38	2
December	1985	11	1	47	6	35	2

*Less than 0.5 percent.

[a] Also includes homes, home repairs and real estate.

[b] The proportions given above provide greater detail than is reported in the monthly tables (see Tables 27, 29 and 31). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of *low interest rates*, and those that referred to *borrowing-in-advance* (BIA) of rising interest rates.

U7475-2A

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

JANUARY 1986

The January 1986 survey is the 208th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

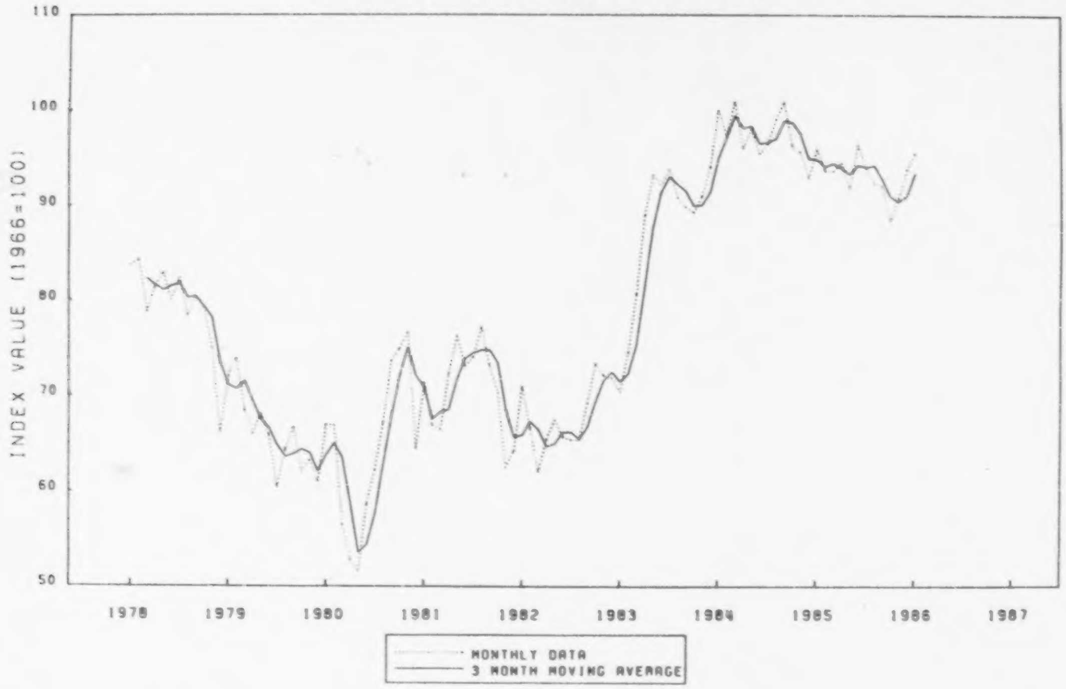


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

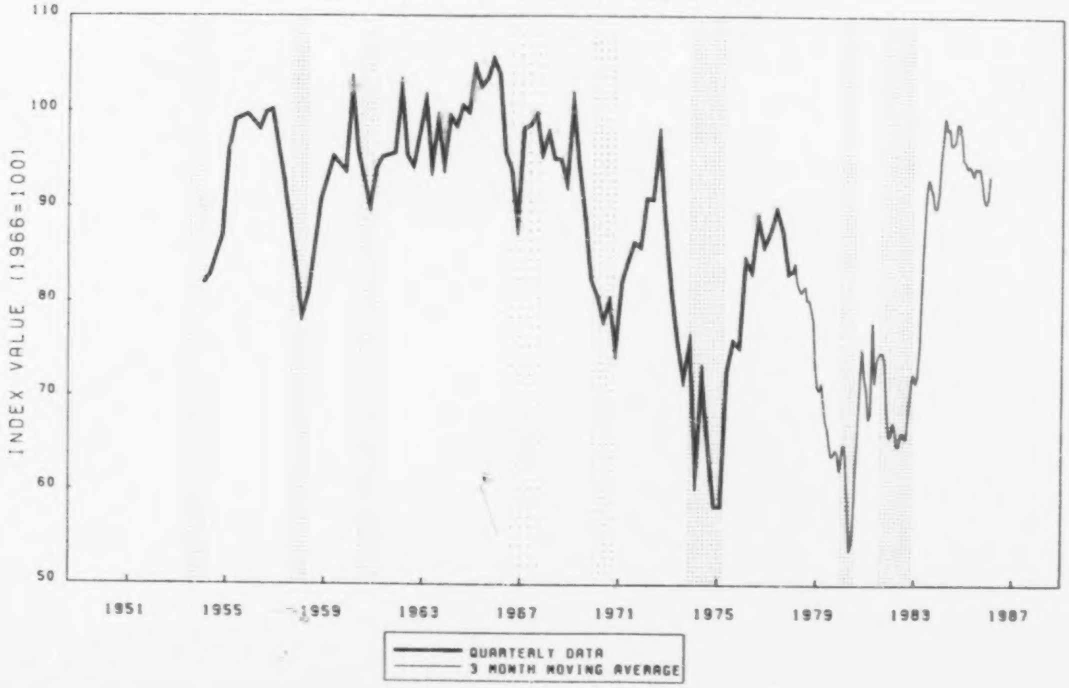


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over $20,000	Families with incomes over $25,000
January	1983	70.4	78.2	78.8
February	1983	74.6	79.9	81.3
March	1983	80.8	88.4	88.9
April	1983	89.1	97.1	99.0
May	1983	93.3	99.6	101.0
June	1983	92.2	101.2	102.5
July	1983	93.9	104.4	106.5
August	1983	90.9	101.2	103.5
September	1983	89.9	99.0	102.3
October	1983	89.3	99.5	101.9
November	1983	91.1	97.2	98.8
December	1983	94.2	101.7	104.5
January	1984	100.1	112.0	114.2
February	1984	97.4	109.6	111.2
March	1984	101.0	110.9	114.2
April	1984	96.1	104.9	106.5
May	1984	98.1	105.6	107.1
June	1984	95.5	104.4	104.5
July	1984	96.6	103.2	102.8
August	1984	99.1	106.7	109.2
September	1984	100.9	109.7	111.7
October	1984	96.3	106.2	107.7
November	1984	95.7	108.6	111.0
December	1984	92.9	99.2	100.1
January	1985	96.0	104.1	106.7
February	1985	93.7	105.4	107.4
March	1985	93.7	106.5	108.8
April	1985	94.6	102.8	107.9
May	1985	91.8	99.5	100.3
June	1985	96.5	101.2	104.3
July	1985	94.0	100.0	102.6
August	1985	92.4	99.4	104.1
September	1985	92.1	100.0	99.5
October	1985	88.4	96.9	99.2
November	1985	90.9	99.3	100.4
December	1985	93.9	99.6	101.1
January	1986	95.6	102.0	103.9

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

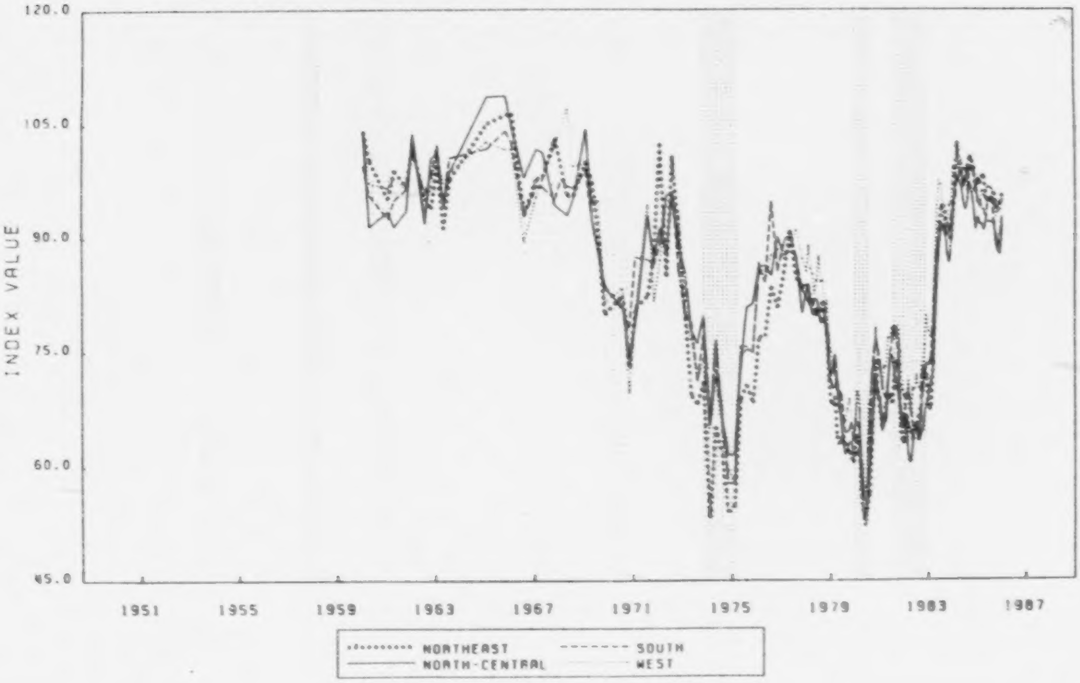


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

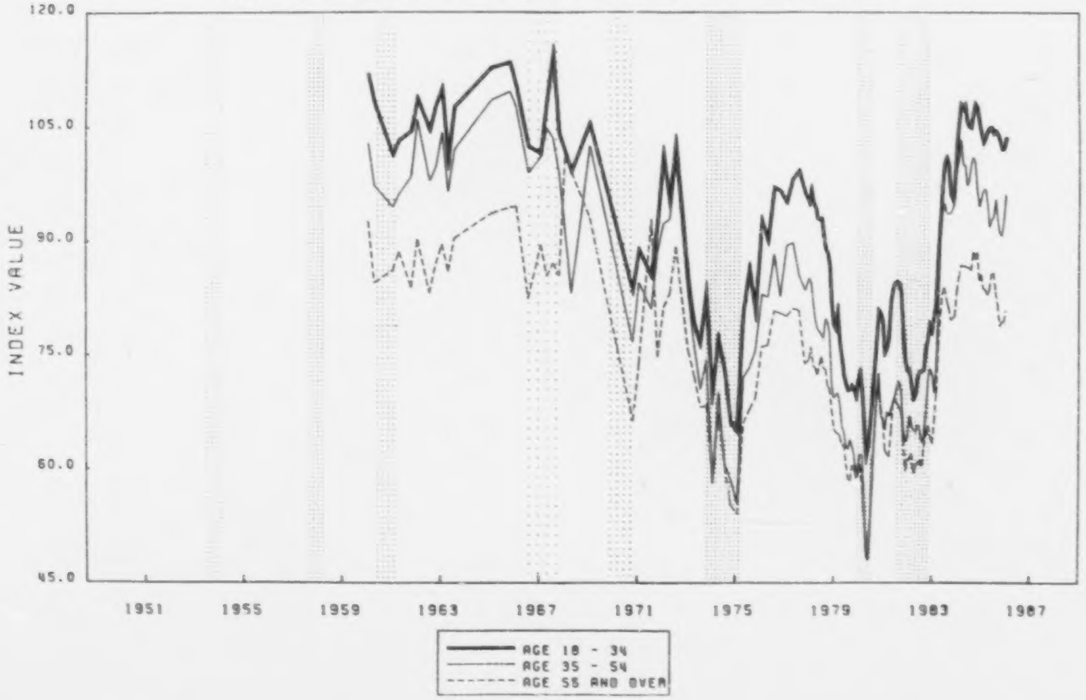


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

		CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY		North East	North Central	South	West	18-34	35-54	55+
January	1983	64.9	70.5	73.6	72.8	78.8	70.0	62.0
February	1983	72.1	72.3	75.8	77.2	82.1	68.3	72.4
March	1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April	1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May	1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June	1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.7	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

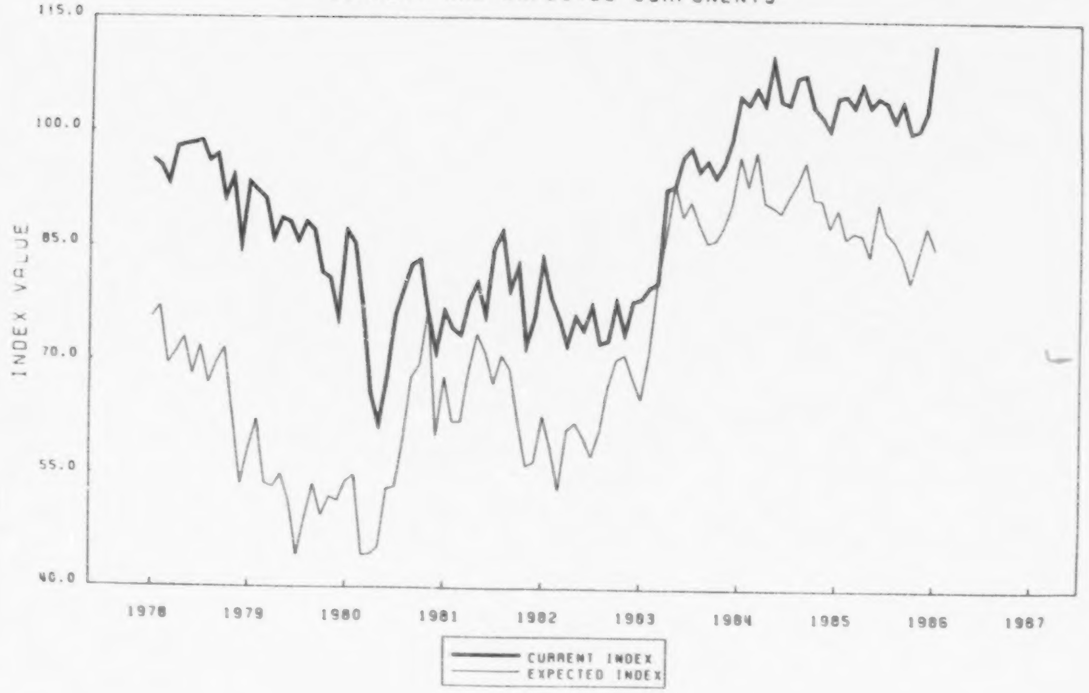


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

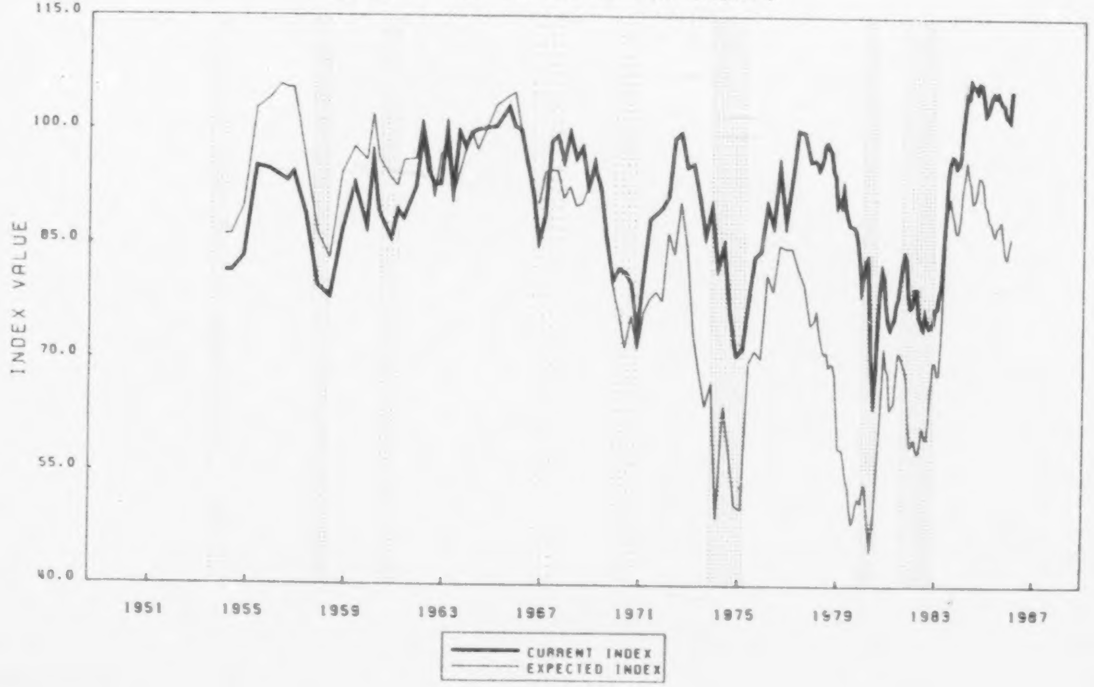


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
DATE OF SURVEY	Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
January 1983	91	115	76	69	111	78.4	65.2
February 1983	89	117	87	81	117	79.9	71.2
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

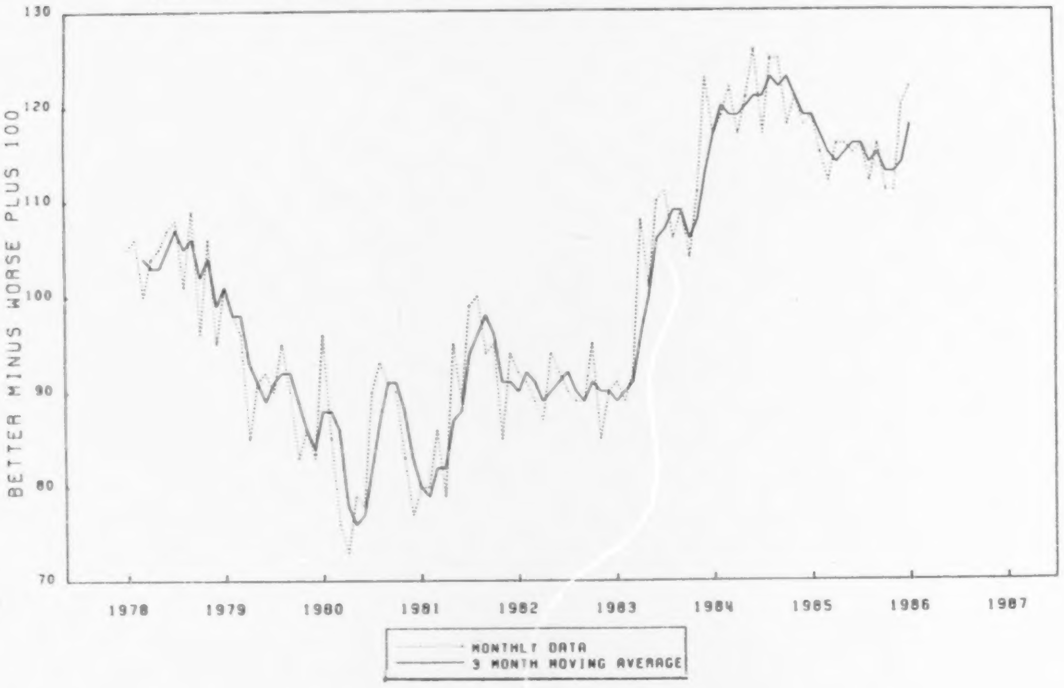


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

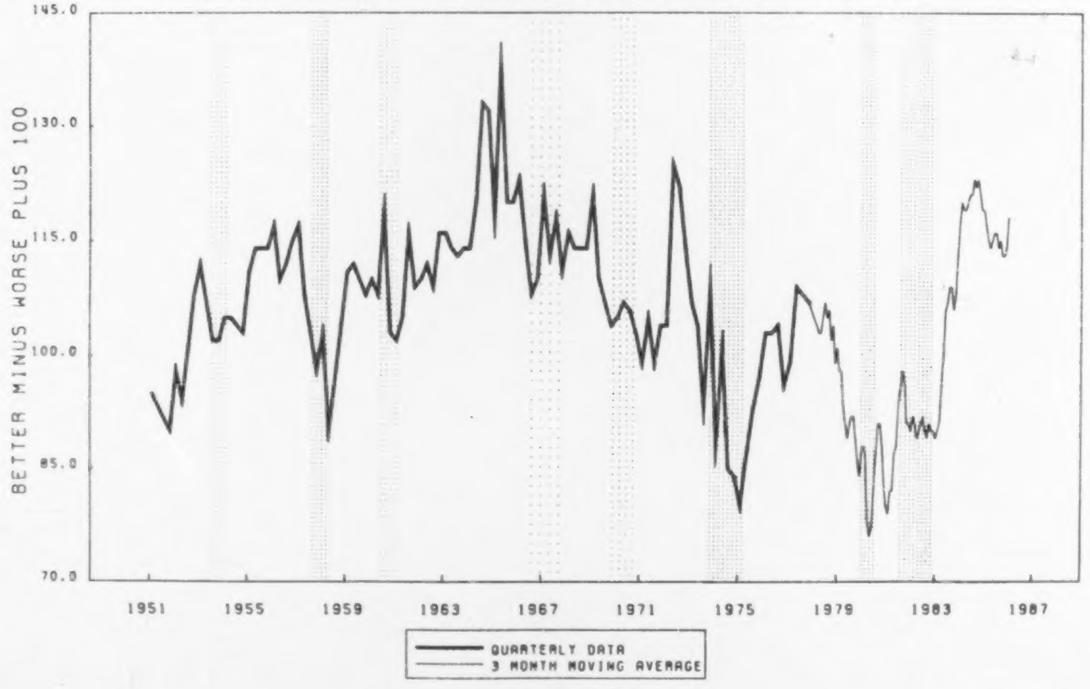


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
BETTER OFF	42%	42%	40%	41%	40%	43%	42%	41%	43%	39%	38%	46%	45%
SAME	35	31	32	34	36	29	32	29	28	33	34	28	32
WORSE OFF	23	27	28	25	24	28	26	29	27	28	27	26	23
DK,NA	*	*	*	*	*	*	*	1	2	*	1	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

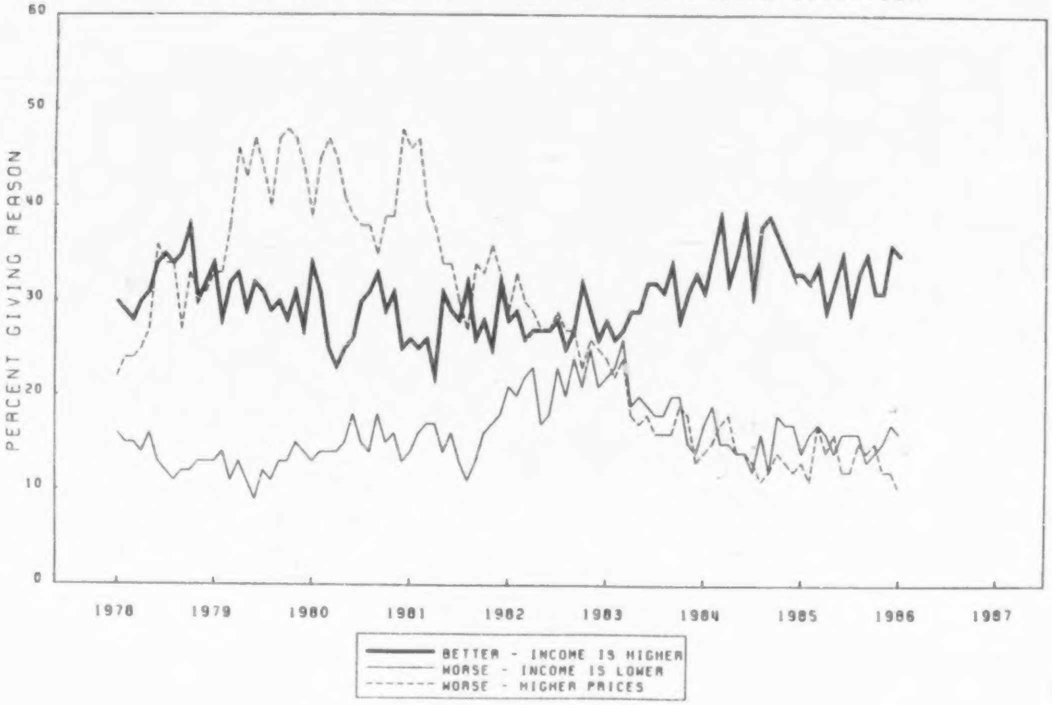


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

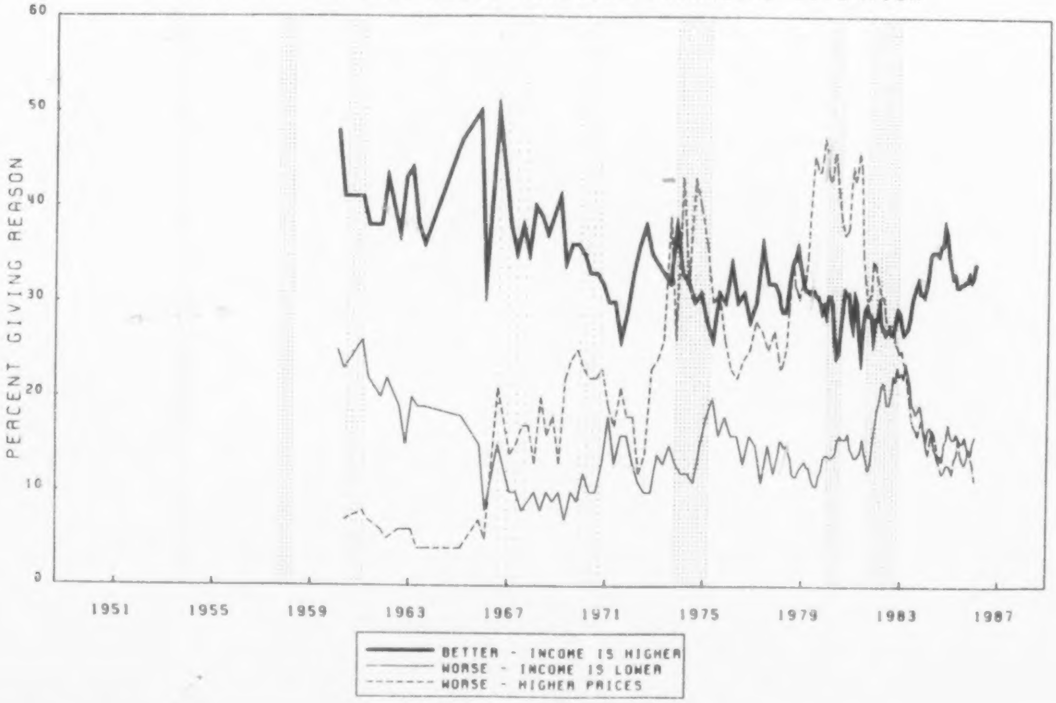


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	32%	34%	29%	32%	35%	29%	33%	35%	31%	31%	36%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	14	16	17	16	14	16	16	16	13	14	15	17	16
Higher prices	13	11	17	14	16	12	12	15	14	15	12	12	10

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

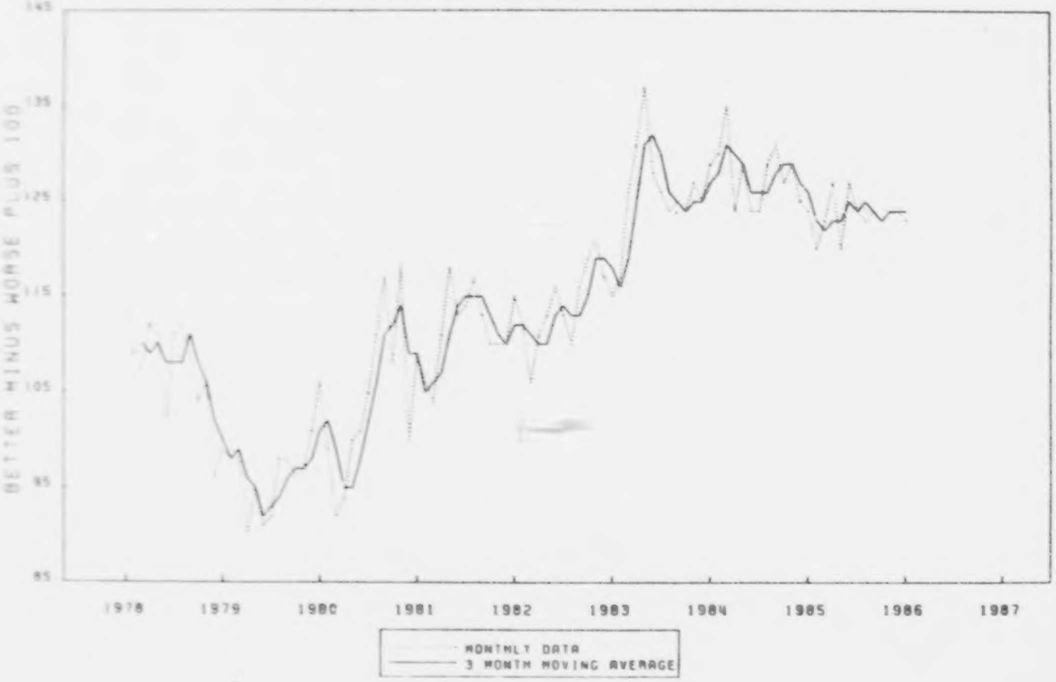


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

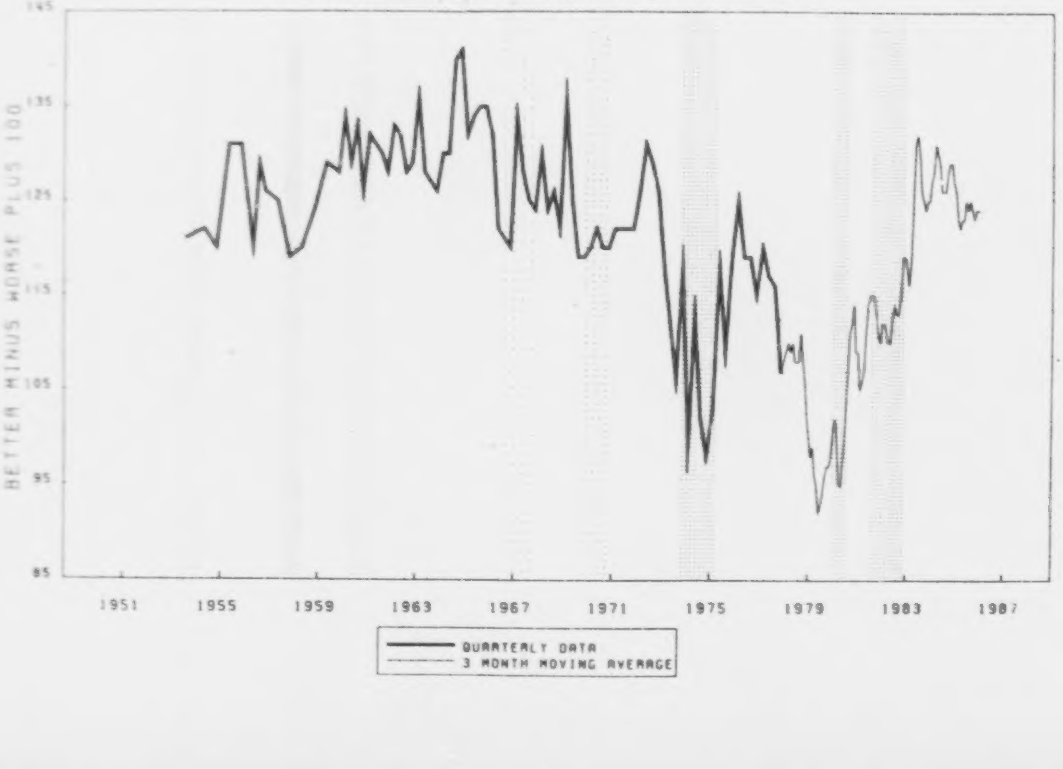


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
BETTER OFF	35%	33%	36%	37%	34%	36%	35%	36%	35%	33%	36%	33%	35%
SAME	52	50	49	49	49	52	51	48	50	54	48	55	50
WORSE OFF	11	13	13	10	14	9	11	13	11	10	12	9	12
DK,NA	2	4	2	4	3	3	3	3	4	3	4	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

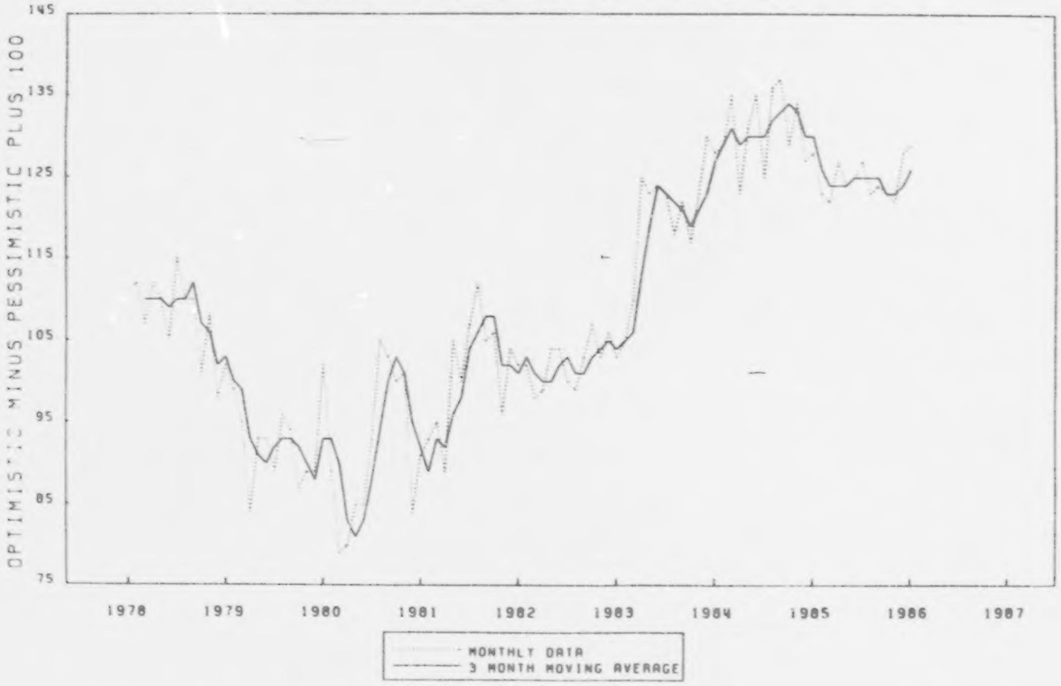


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

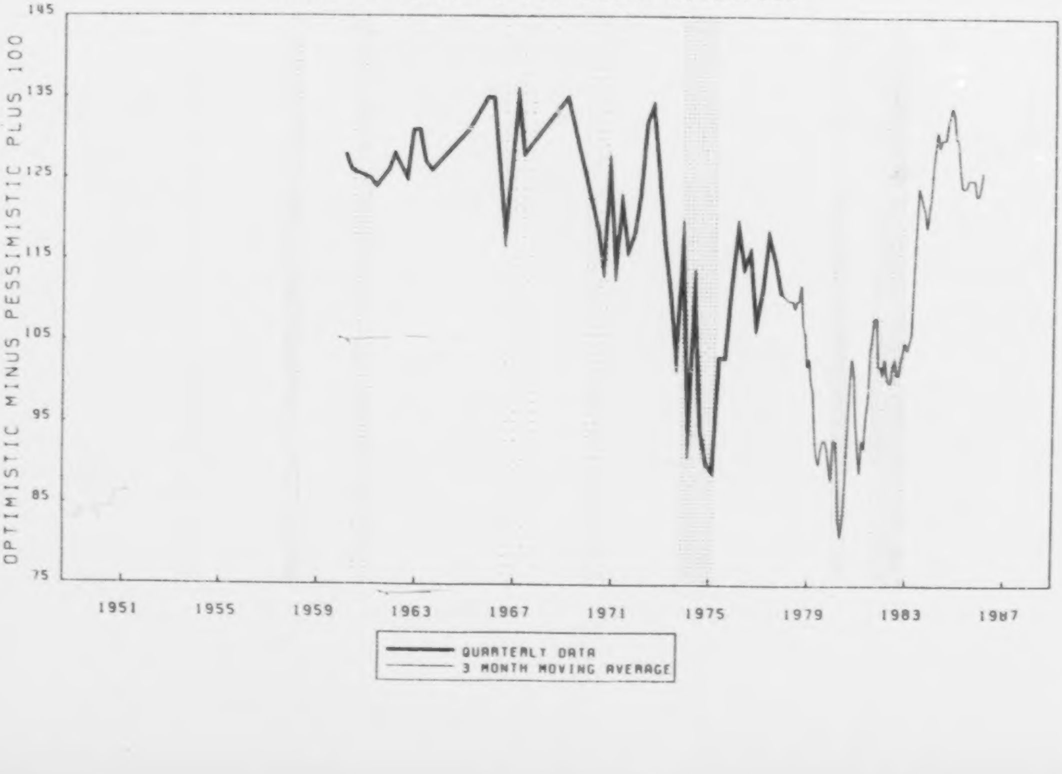


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	19%	20%	20%	22%	20%	22%	20%	19%	22%	18%	19%	20%	21%
Intermittant increase (b)	28	24	26	26	26	25	26	25	24	26	25	29	29
Remain unchanged (c)	22	20	18	20	21	19	21	19	18	23	20	18	18
Intermittant decline (d)	15	15	18	16	16	17	13	14	15	15	17	17	16
Continuous decline (e)	4	6	6	5	6	5	6	7	7	6	5	4	5
Mixed change (f)	9	12	10	8	8	9	10	12	9	9	10	10	9
DK,NA	3	3	2	3	3	3	4	4	5	3	4	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

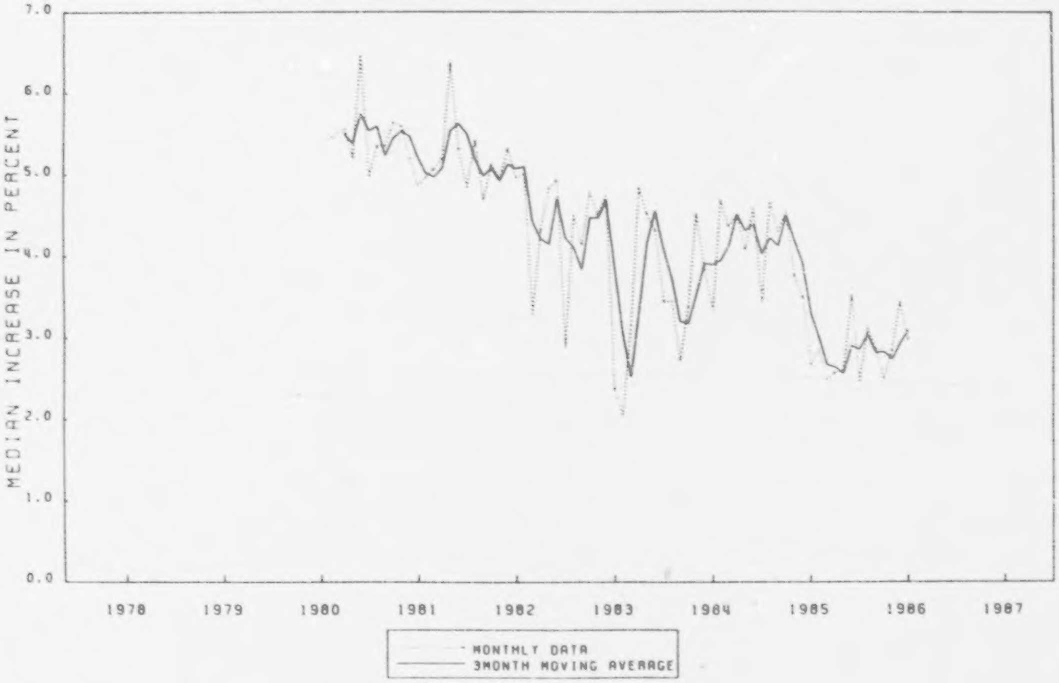


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

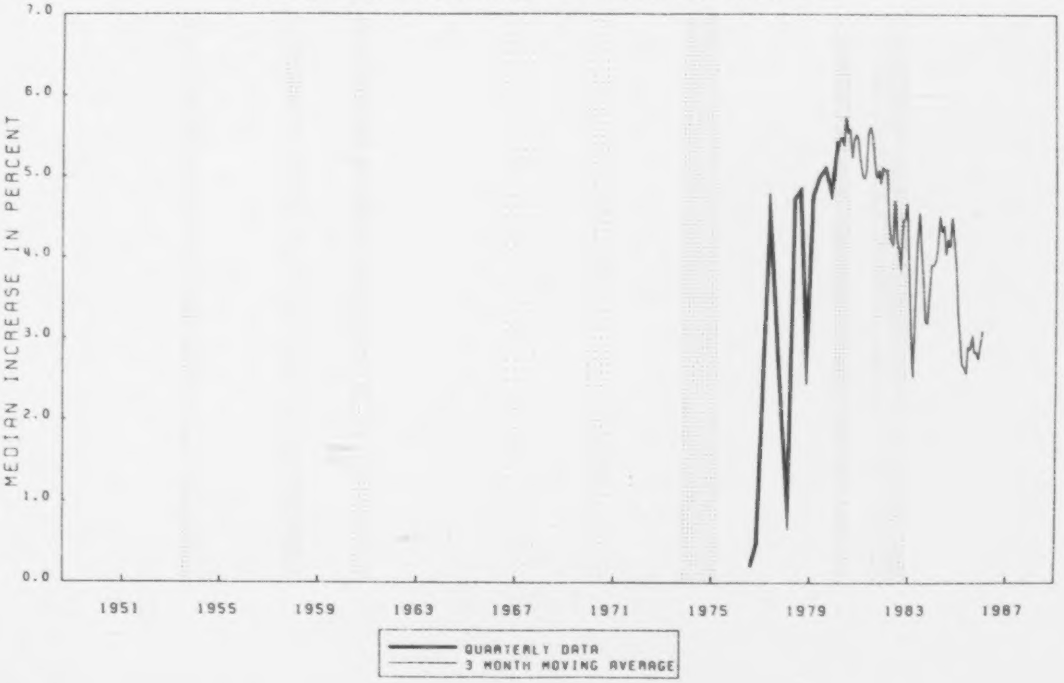


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
EXPECT INCREASE:													
1-4%	12%	14%	12%	11%	16%	11%	13%	13%	13%	13%	17%	14%	11%
5%	9	11	11	9	9	11	11	10	9	7	9	11	12
6-9%	9	6	7	7	5	7	7	8	8	8	8	8	7
10-24%	17	16	13	17	16	16	14	18	14	17	14	17	16
25% or more	6	7	8	8	7	10	6	5	8	6	6	6	7
DK how much up	3	3	4	3	4	4	3	3	4	5	4	5	4
EXPECT SAME	27	26	29	30	28	26	28	29	28	29	26	25	28
EXPECT DOWN	16	16	15	14	13	14	16	12	13	14	14	12	14
DK,NA	1	1	1	1	2	1	2	2	3	1	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

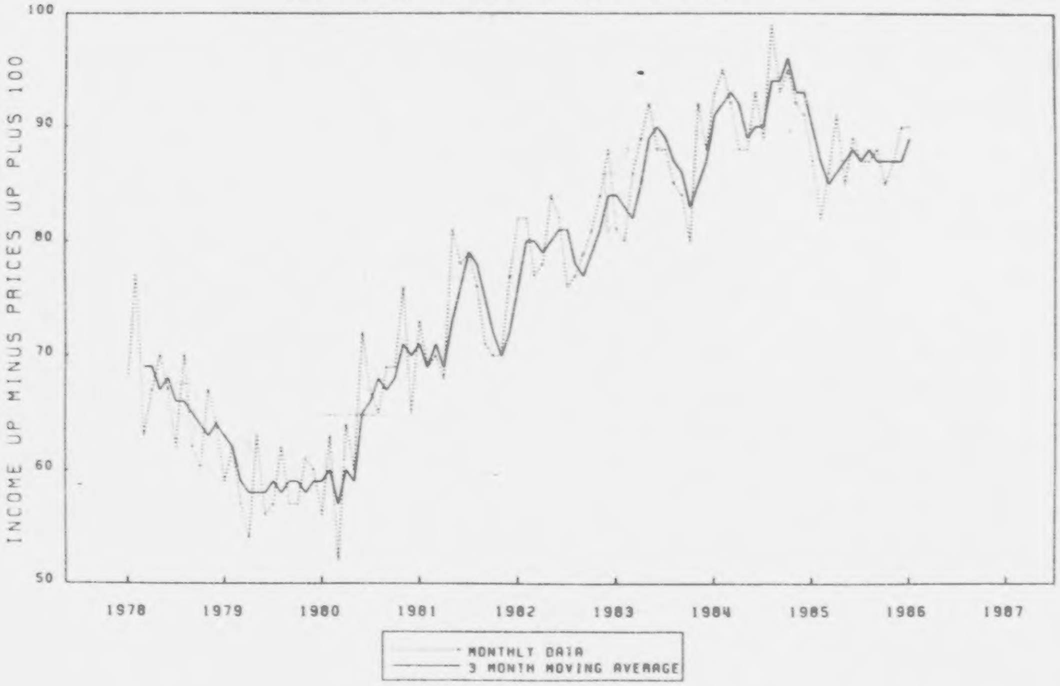


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

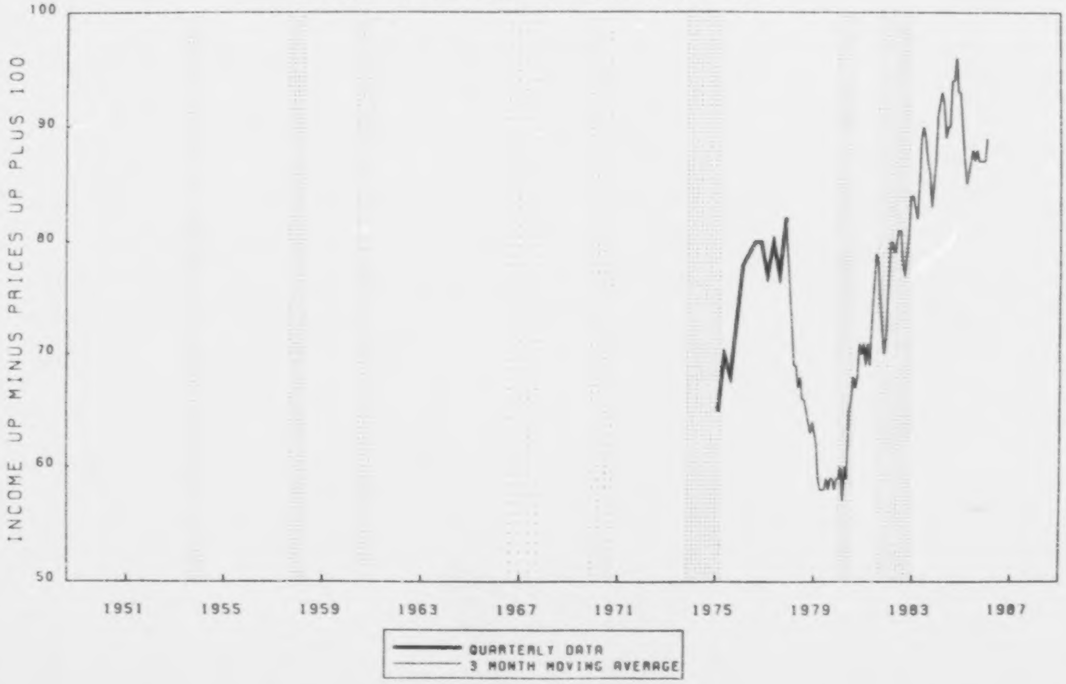


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
INCOME UP MORE	20%	20%	18%	23%	22%	19%	19%	22%	22%	20%	20%	23%	21%
INCOME UP SAME	45	40	49	42	39	48	47	40	42	43	43	42	47
PRICES UP MORE	33	38	32	32	37	30	32	35	34	35	33	33	31
DK,NA	2	2	1	3	2	3	2	3	2	2	4	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

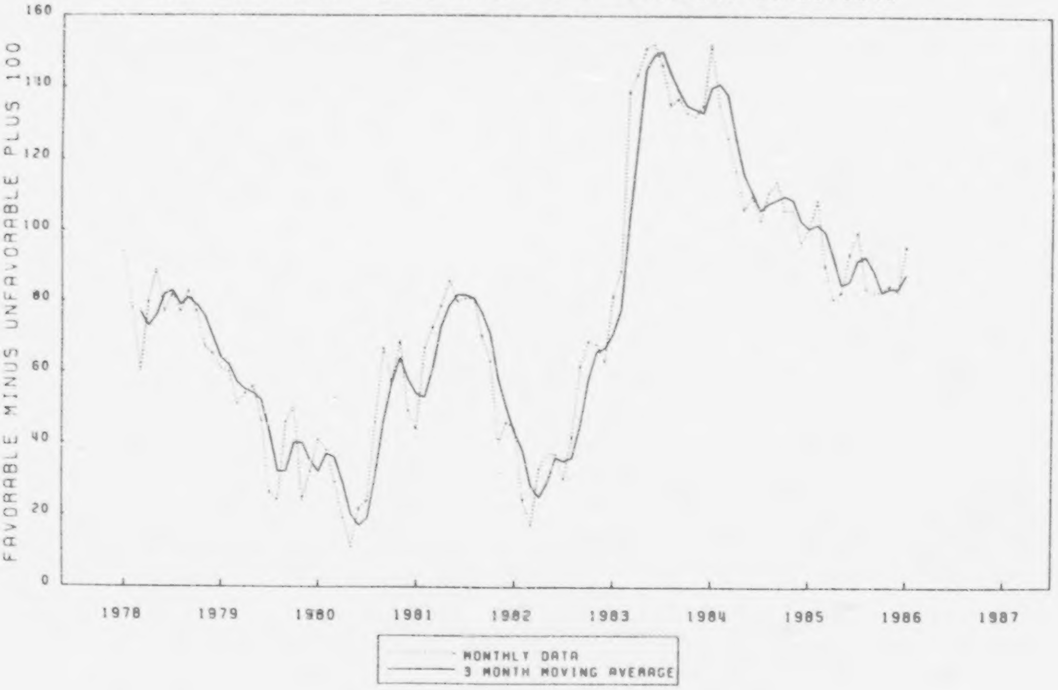


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

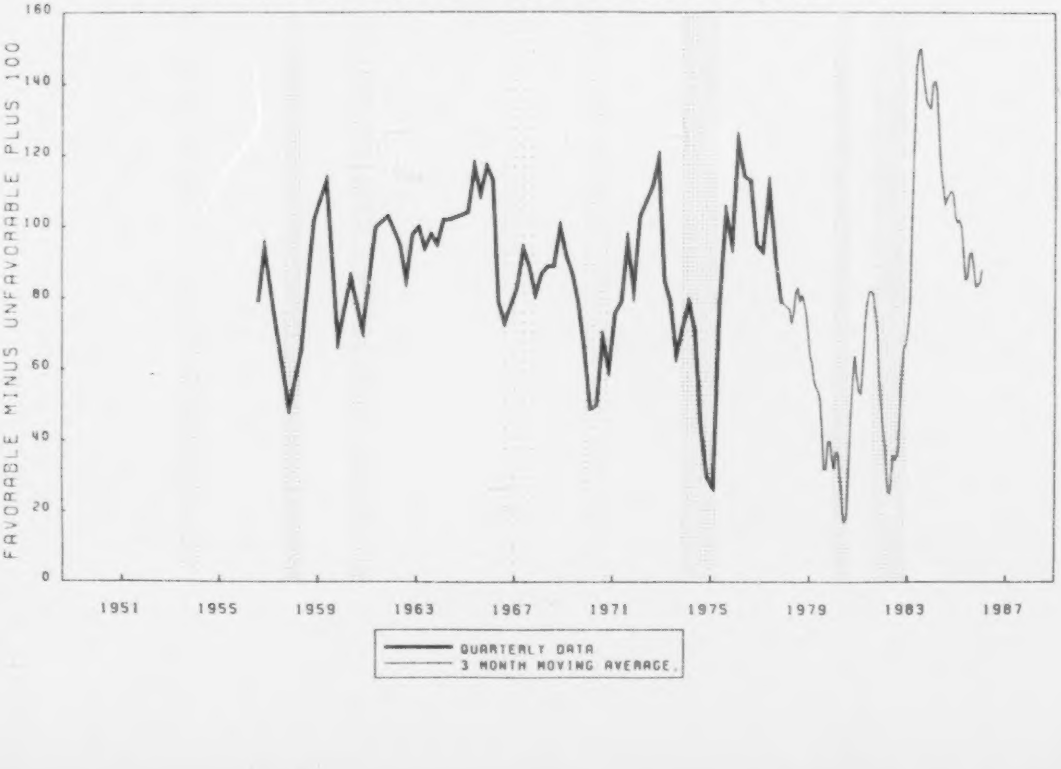


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
FAVORABLE NEWS	43%	50%	35%	30%	30%	37%	40%	30%	31%	28%	32%	33%	37%
UNFAVORABLE NEWS	42	41	45	49	47	43	40	46	48	45	47	50	41
NO MENTIONS	44	41	48	49	48	50	46	49	47	52	47	47	47

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

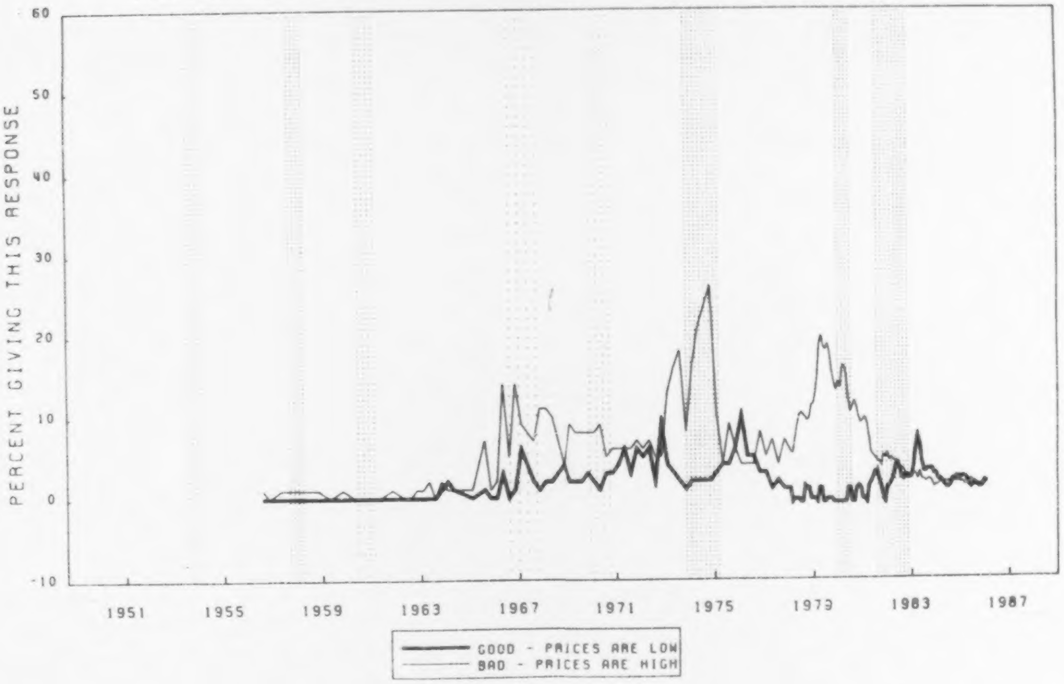


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

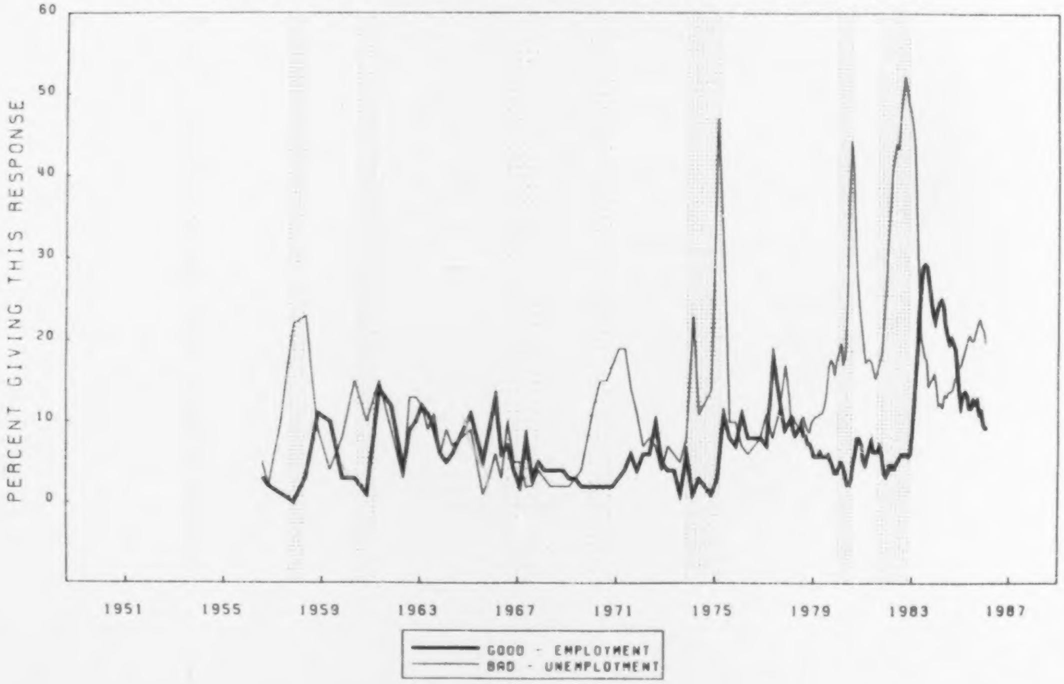


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
FAVORABLE NEWS:													
Government; elections	4%	3%	2%	1%	2%	5%	2%	1%	1%	1%	3%	2%	2%
Employment	12	17	12	11	12	12	14	11	13	9	12	8	8
Higher consumer demand	5	5	5	3	3	4	3	2	4	3	3	3	3
Lower prices	2	3	2	1	1	1	2	1	1	1	1	2	2
Easier credit	10	9	5	4	3	7	10	8	6	4	6	7	9
UNFAVORABLE NEWS:													
Government; elections	5	6	5	5	4	6	4	4	5	5	4	5	5
Unemployment	18	19	20	21	21	18	21	24	21	23	21	20	18
Lower consumer demand	3	3	2	3	3	3	2	3	2	1	2	5	3
Higher prices	1	2	1	2	2	2	1	2	1	1	2	2	2
Tighter credit	2	1	2	2	2	1	1	1	1	1	2	2	1
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

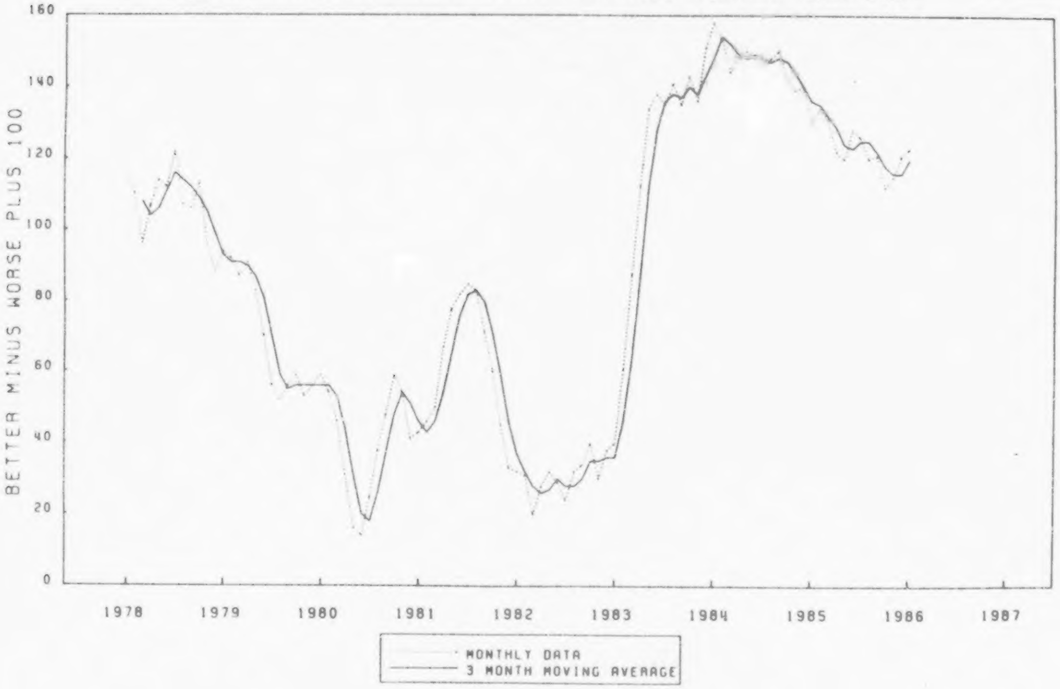


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

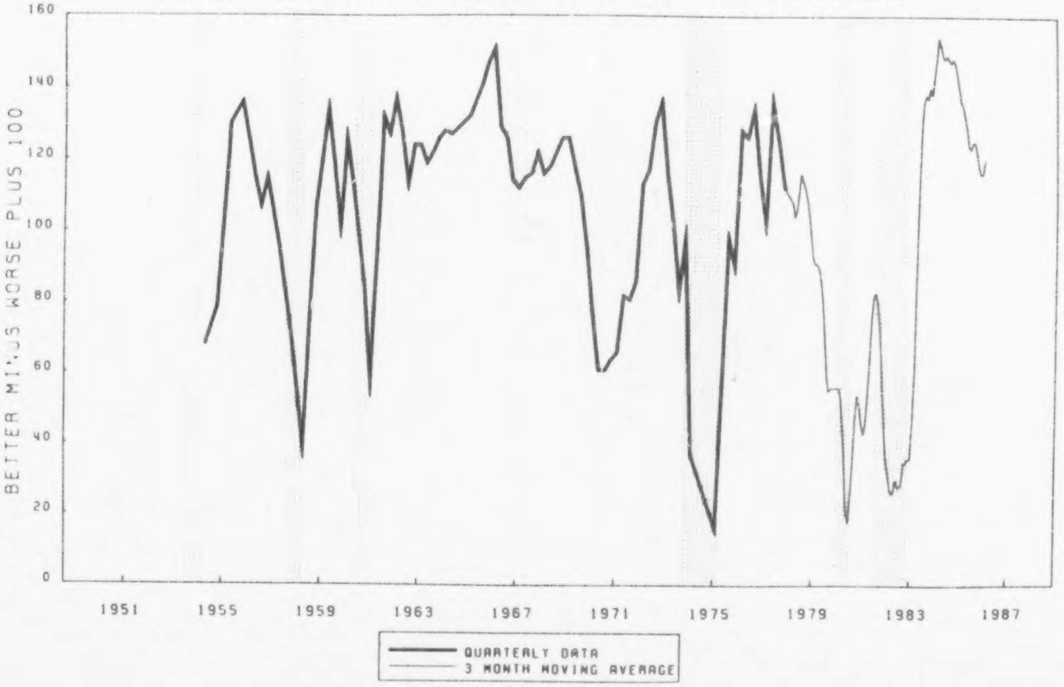


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
BETTER NOW	57%	60%	57%	51%	53%	56%	56%	51%	52%	47%	50%	52%	52%
SAME	14	12	15	17	13	14	13	16	14	16	12	16	17
WORSE NOW	27	26	26	29	33	28	30	31	31	35	35	31	29
DK,NA	2	2	2	3	1	2	1	2	3	2	3	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

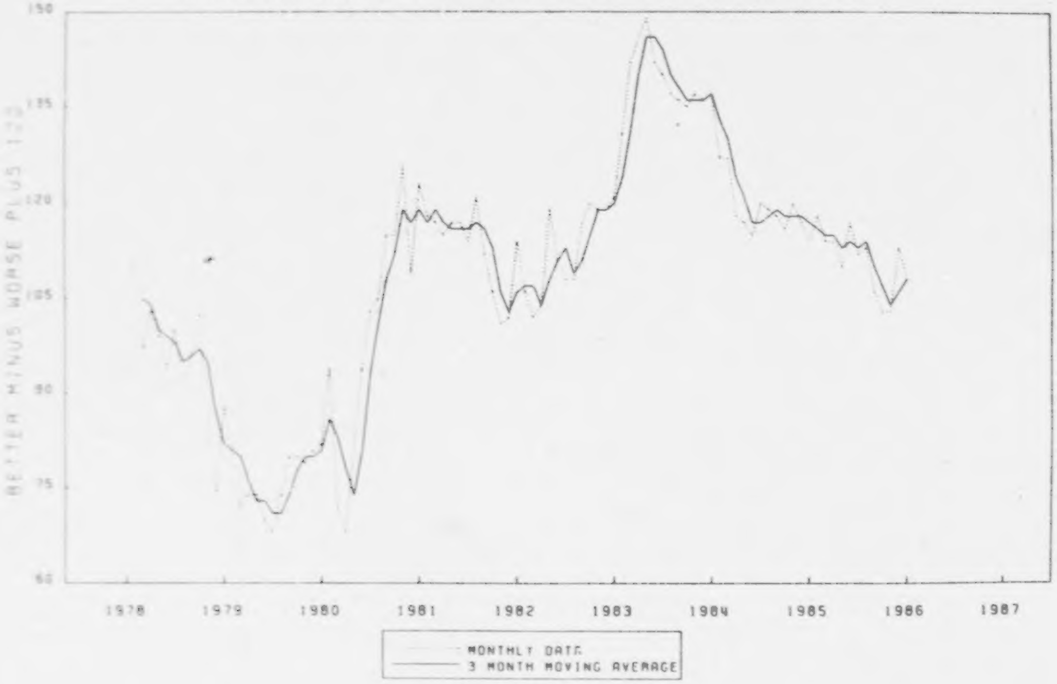


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

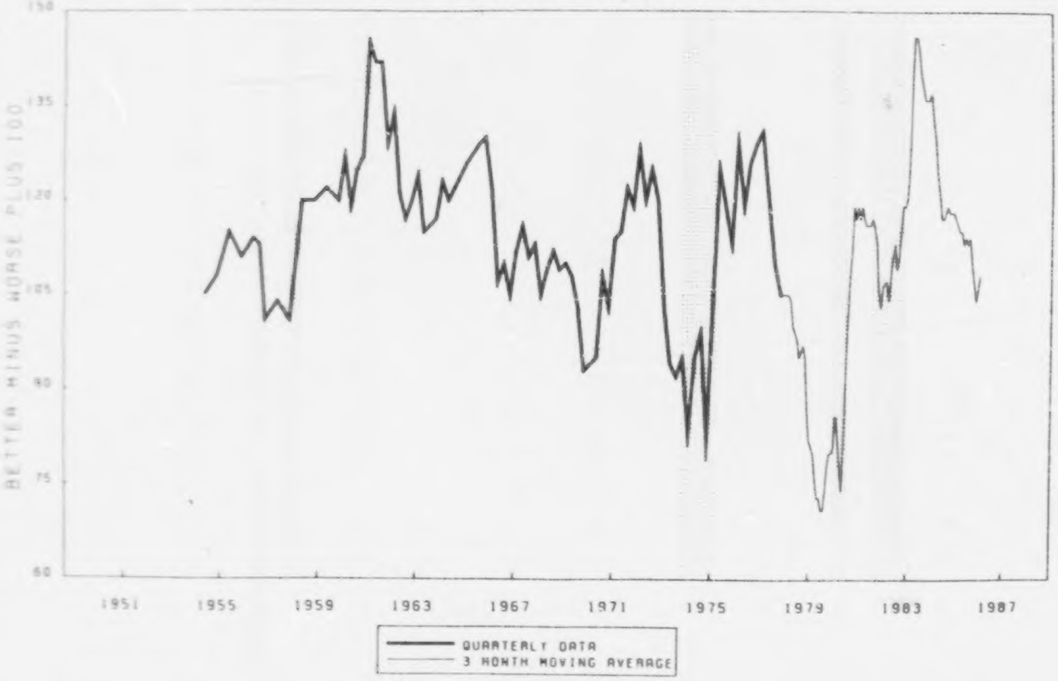


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
BETTER	29%	33%	29%	29%	27%	29%	26%	27%	23%	23%	21%	27%	24%
SAME	55	50	53	53	54	57	57	57	58	54	59	58	58
WORSE	15	15	15	15	17	12	14	14	17	20	18	14	16
DK,NA	1	2	3	3	2	2	3	2	2	3	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

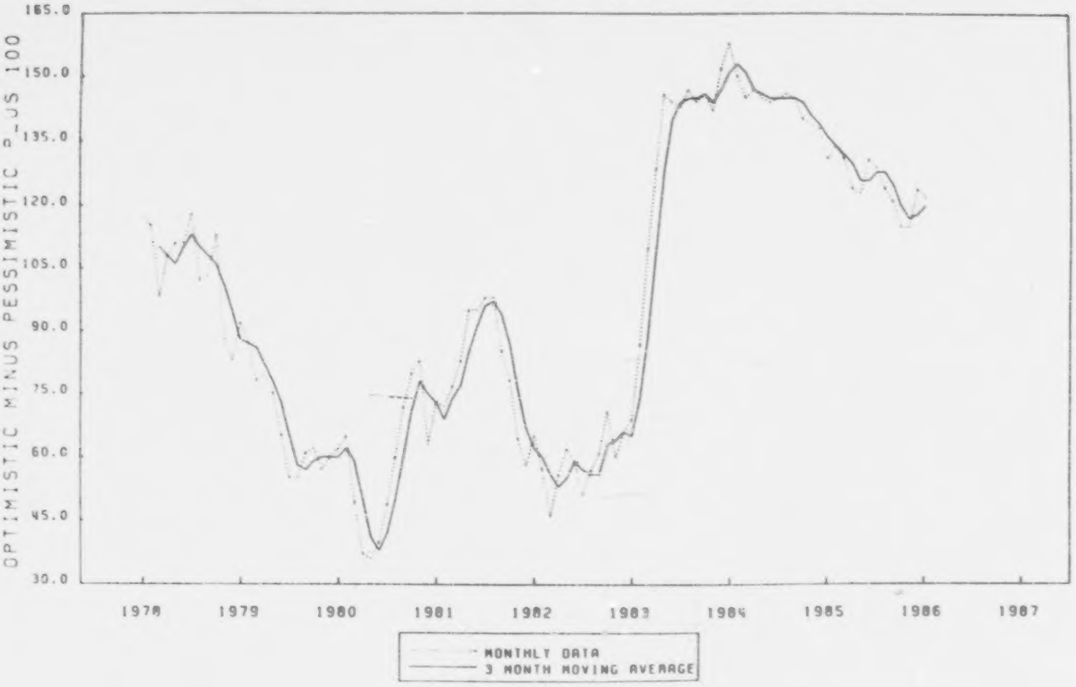


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

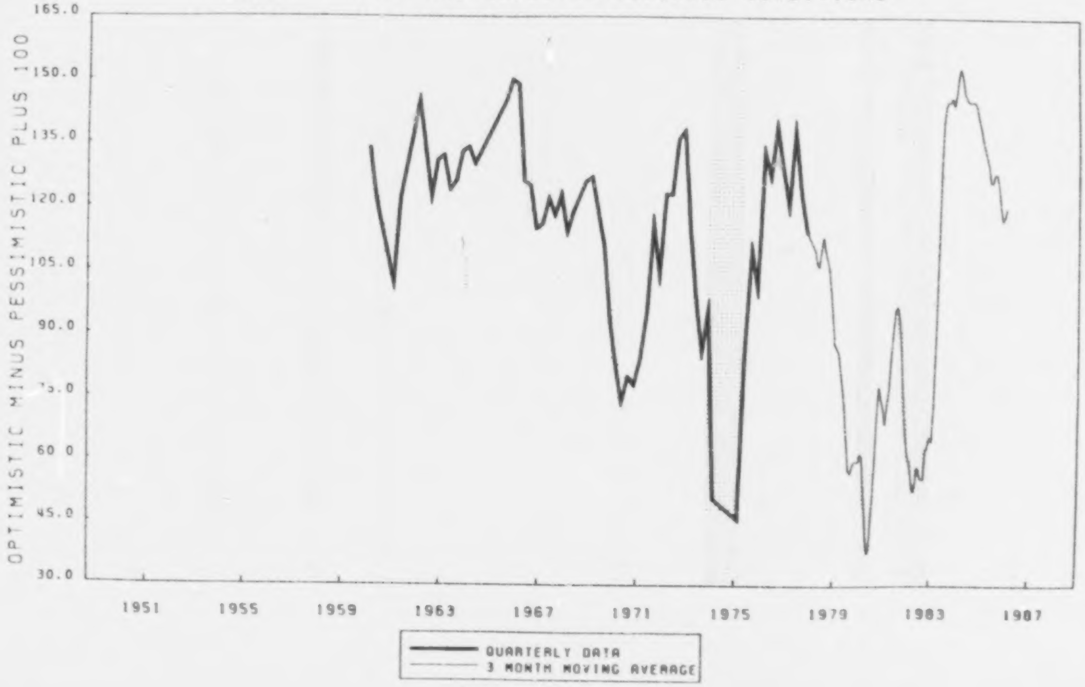


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
TREND:													
Continuous increase (a)	21%	26%	22%	21%	18%	22%	19%	19%	16%	16%	14%	19%	16%
Intermittant increase (b)	36	31	33	29	34	34	36	33	34	31	34	33	33
Remain unchanged (c)	8	7	9	11	8	9	9	10	9	10	8	10	11
Intermittant decline (d)	17	15	15	18	18	17	16	18	19	18	21	19	19
Continuous decline (e)	9	8	9	8	11	8	10	10	10	14	12	9	8
Mixed change (f)	7	9	8	8	8	6	6	7	8	7	7	7	10
DK,NA	2	4	4	5	3	4	4	3	4	4	4	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

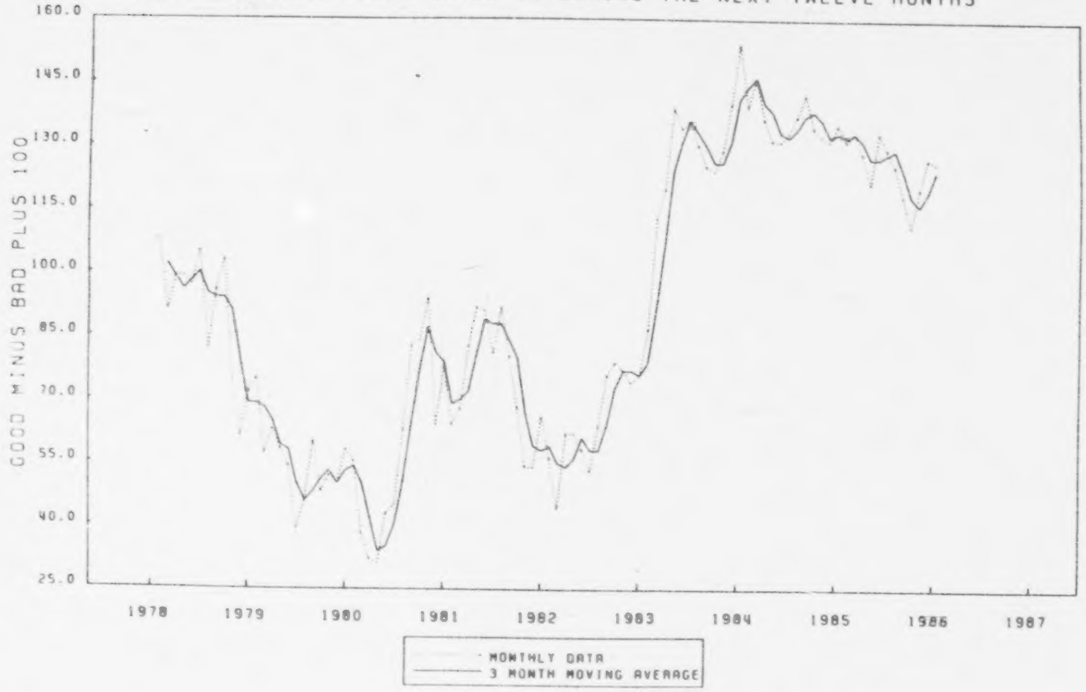


CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

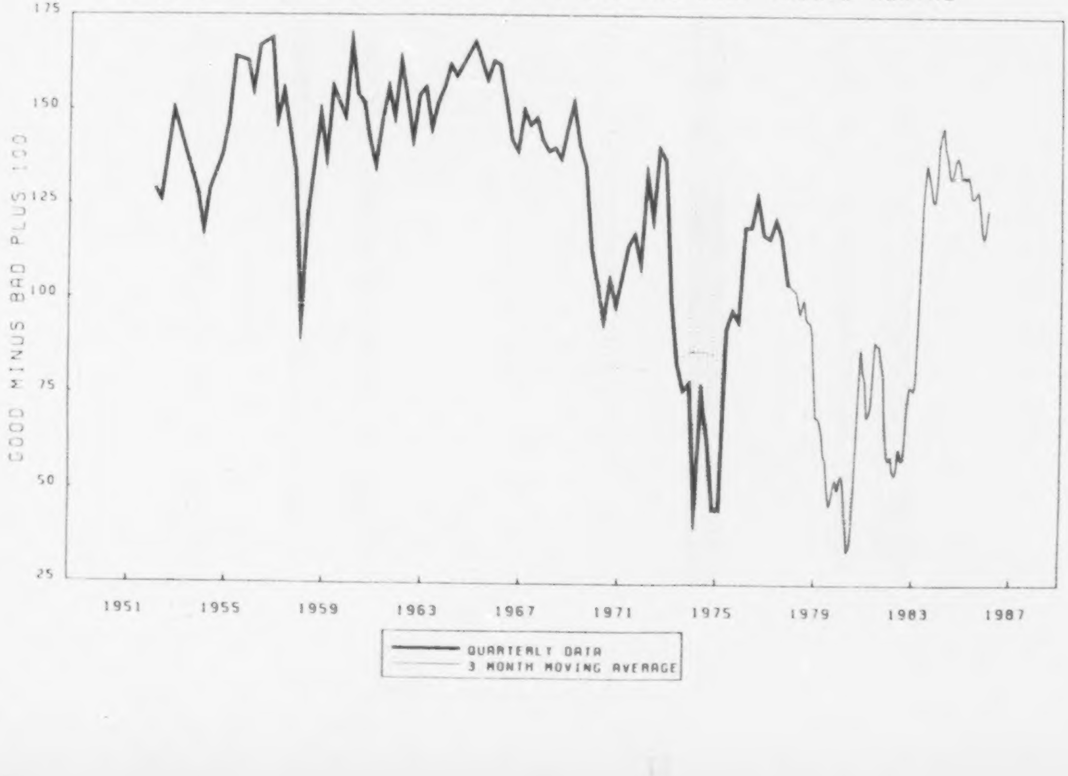


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIMES	63%	62%	62%	58%	55%	59%	58%	57%	52%	49%	53%	57%	58%
UNCERTAIN; GOOD & BAD	4	2	2	3	1	3	3	4	4	3	4	4	3
BAD TIMES	28	31	29	30	34	26	29	32	34	38	33	30	32
DON'T KNOW	4	3	5	6	6	5	7	4	8	5	6	7	5
NOT ASCERTAINED	1	2	2	3	4	7	3	3	2	5	4	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

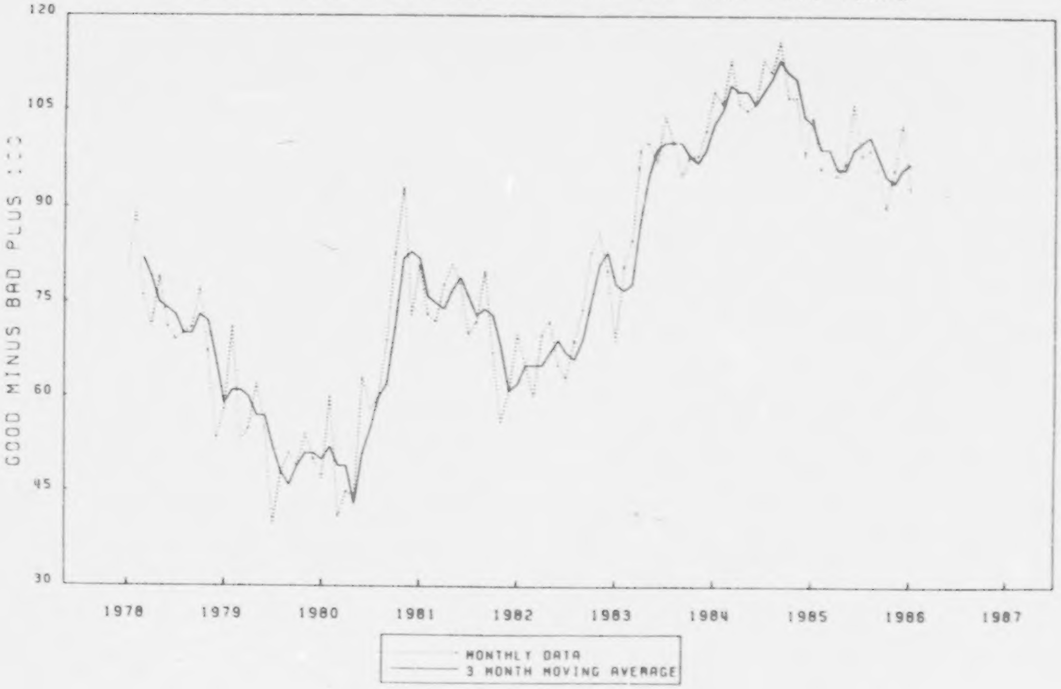


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

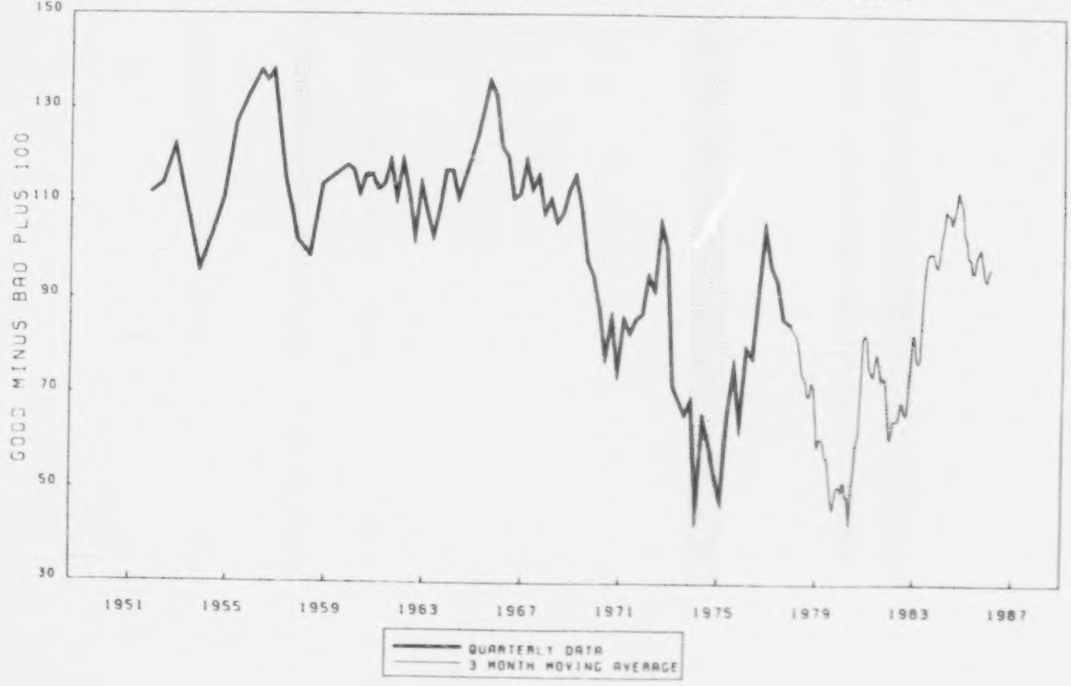


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIMES	43%	41%	40%	39%	40%	43%	41%	41%	38%	35%	38%	40%	39%
UNCERTAIN; GOOD & BAD	15	11	13	14	14	17	13	14	16	15	14	17	12
BAD TIMES	39	45	44	44	43	37	43	42	42	45	42	37	46
NOT ASCERTAINED	3	3	3	3	3	3	3	3	4	5	6	6	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

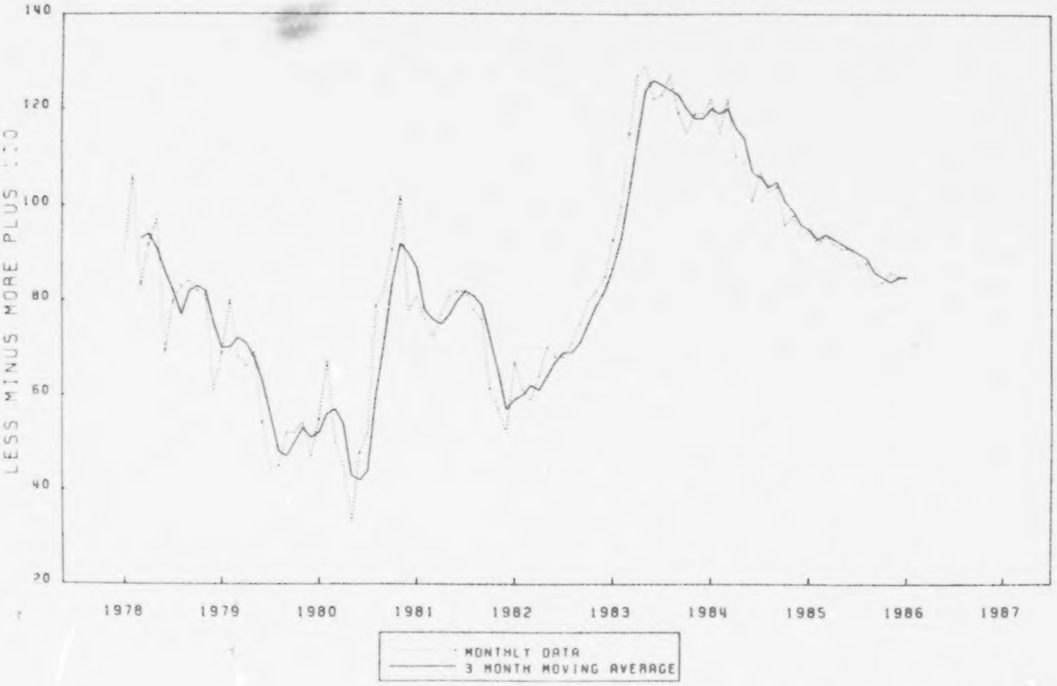


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

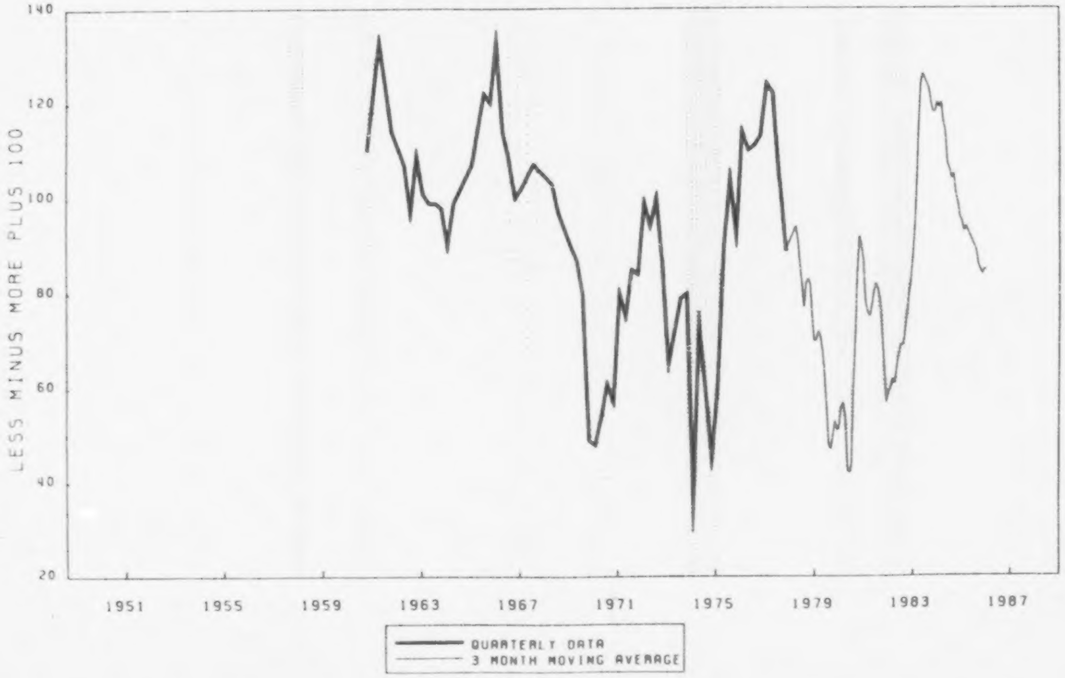


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
LESS	20%	20%	23%	20%	19%	16%	14%	17%	14%	16%	15%	15%	15%
SAME	54	50	47	50	52	58	58	52	53	51	54	54	54
MORE	25	28	29	28	28	25	27	29	31	32	29	30	30
DK,NA	1	2	1	2	1	1	1	2	2	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

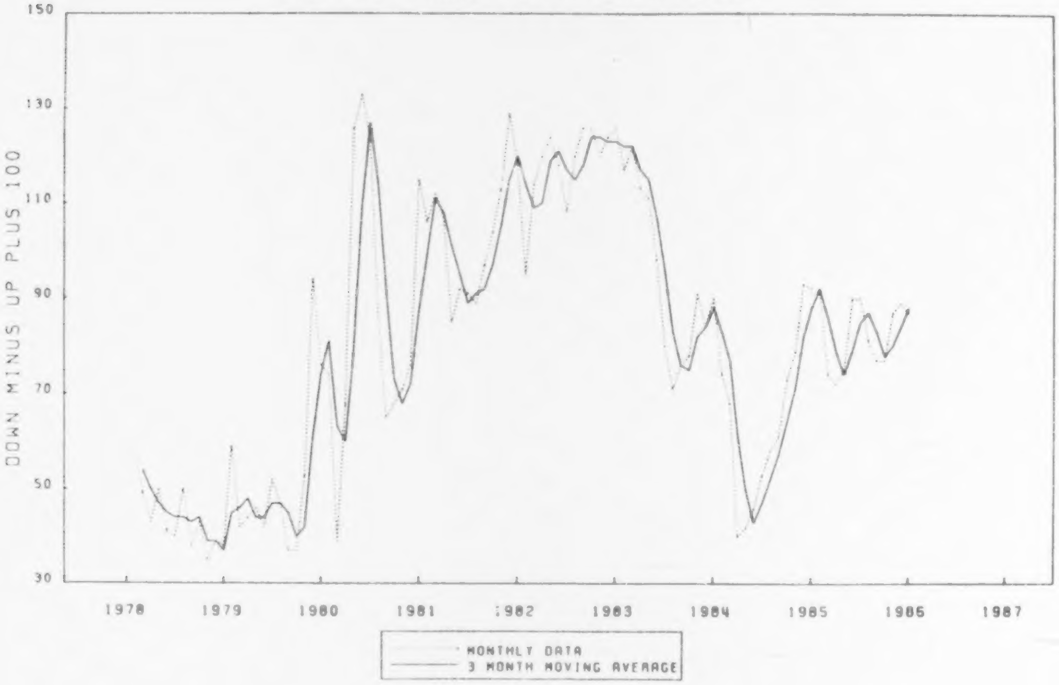


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

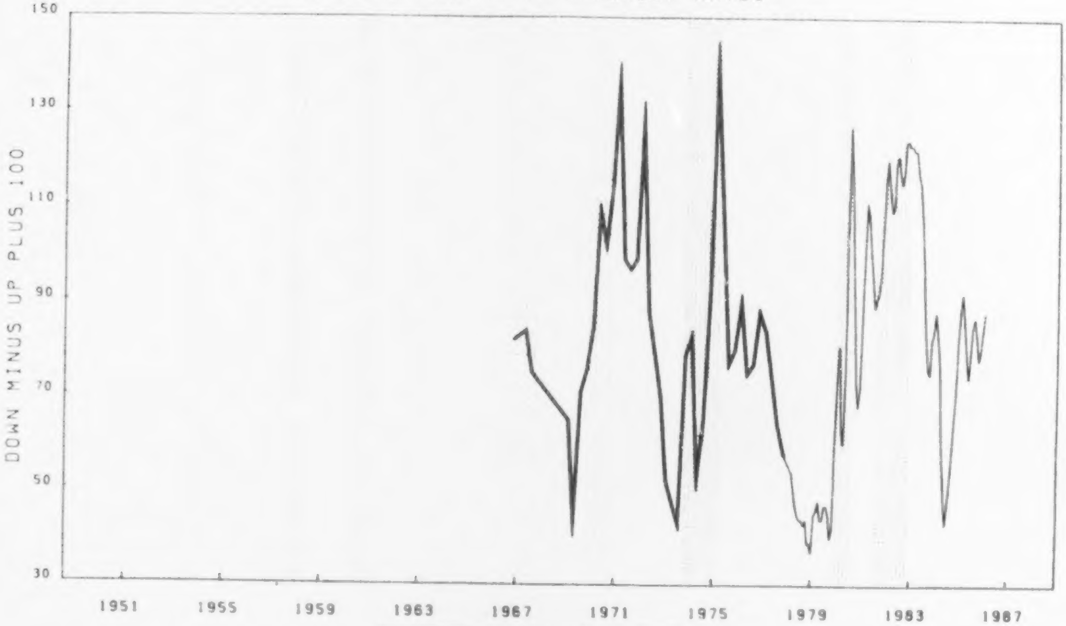


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GO UP	36%	35%	45%	47%	44%	36%	35%	41%	43%	44%	36%	36%	38%
STAY THE SAME	33	37	32	31	34	36	38	35	34	33	37	37	34
GO DOWN	28	26	19	19	19	26	25	22	20	21	23	25	25
DK,NA	3	2	4	3	3	2	2	2	3	2	4	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

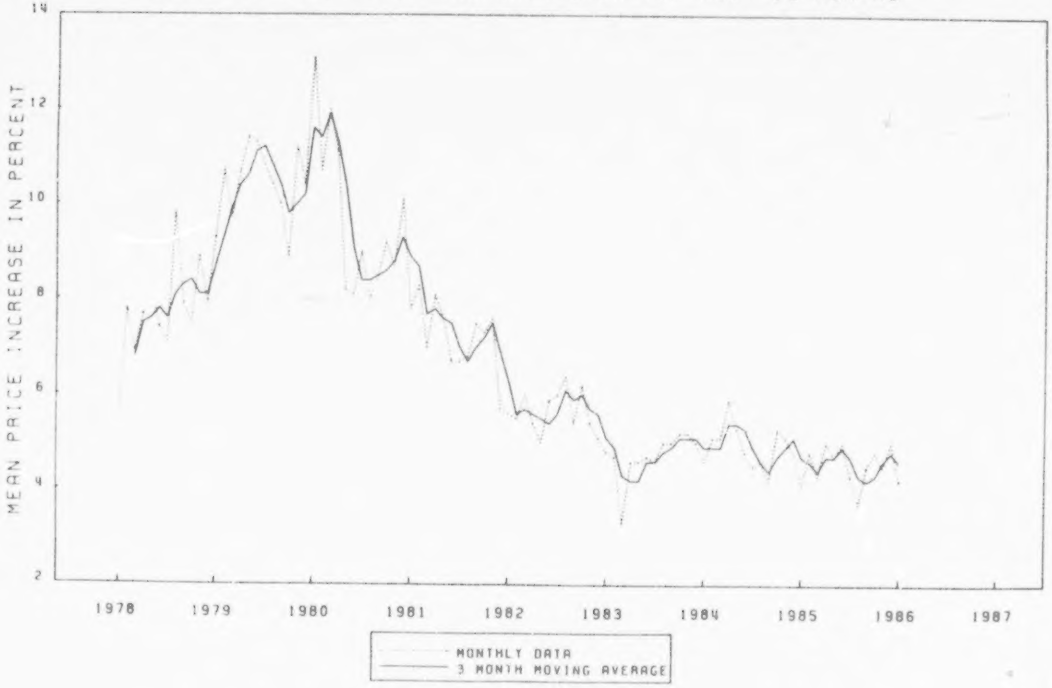


CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

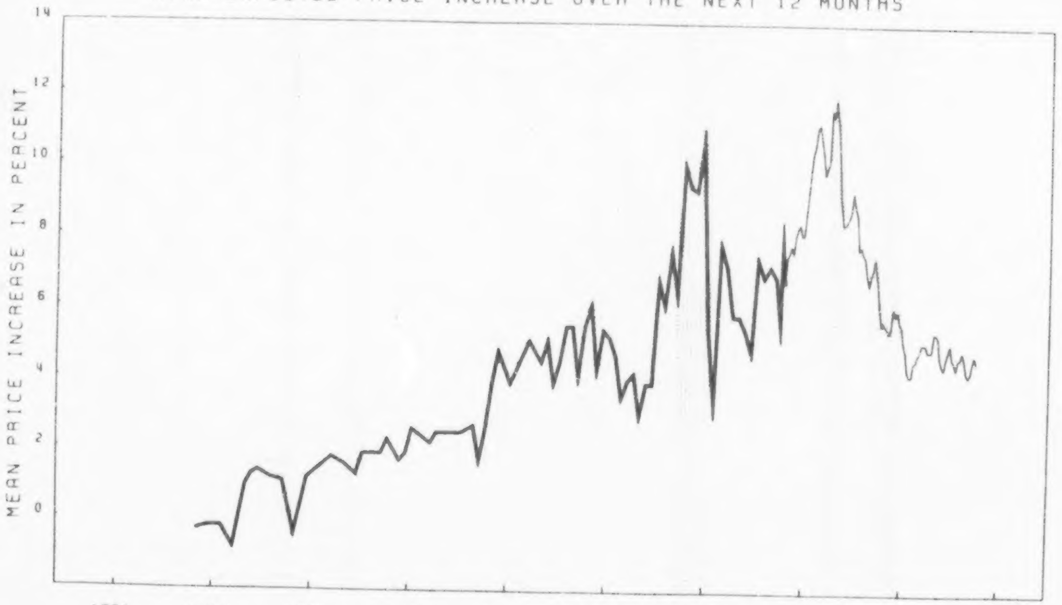


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
SAME OR DOWN	26%	25%	26%	22%	20%	19%	24%	26%	26%	23%	25%	21%	24%
WILL GO UP BY:													
1-2%	16	14	15	13	17	16	19	18	18	13	14	11	16
3-4%	20	19	19	20	20	21	20	21	17	21	20	22	24
5%	15	15	15	16	20	19	14	16	14	15	16	18	14
6-9%	6	6	6	8	6	6	8	6	6	6	6	6	6
10-14%	7	10	9	11	7	9	6	6	9	12	9	9	6
15% or more	4	6	6	6	6	6	4	4	5	5	5	7	5
DK how much up	4	4	4	3	2	2	4	2	3	4	3	5	4
DK,NA	2	1	*	1	2	2	1	1	2	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.1	4.8	4.3	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2
VARIANCE	36	51	34	44	46	51	49	21	46	41	42	43	47
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

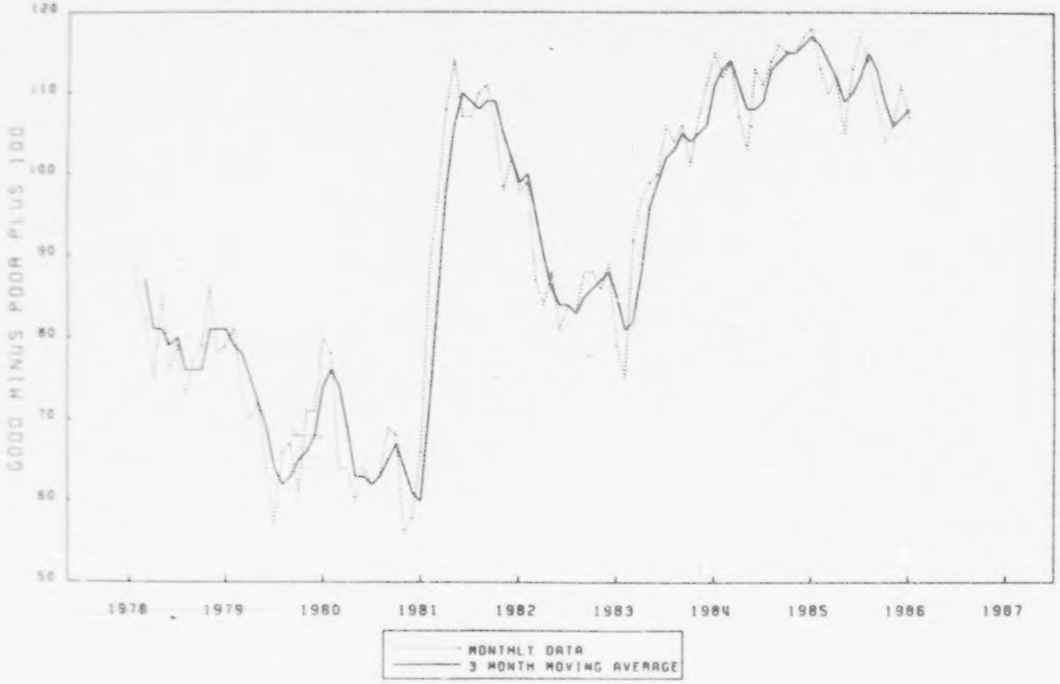


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

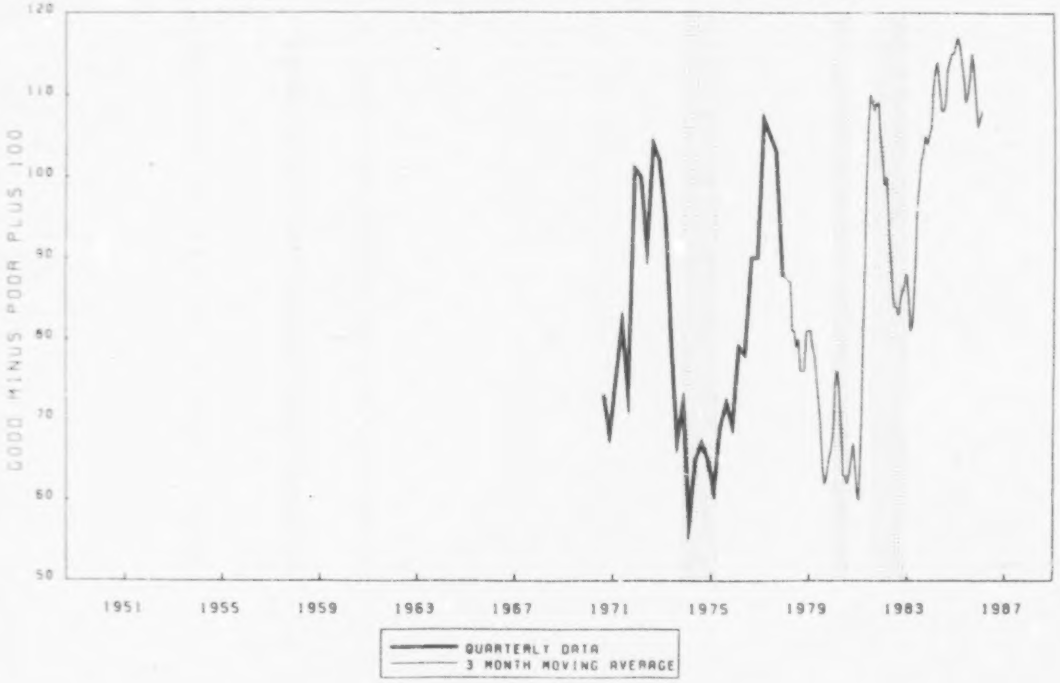


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
A GOOD JOB	34%	33%	32%	30%	26%	29%	31%	29%	29%	25%	28%	28%	27%
ONLY FAIR	49	46	43	50	51	53	52	53	49	50	48	53	52
A POOR JOB	16	20	22	18	21	16	14	15	20	21	22	17	20
DK,NA	1	1	3	2	2	2	3	3	2	4	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

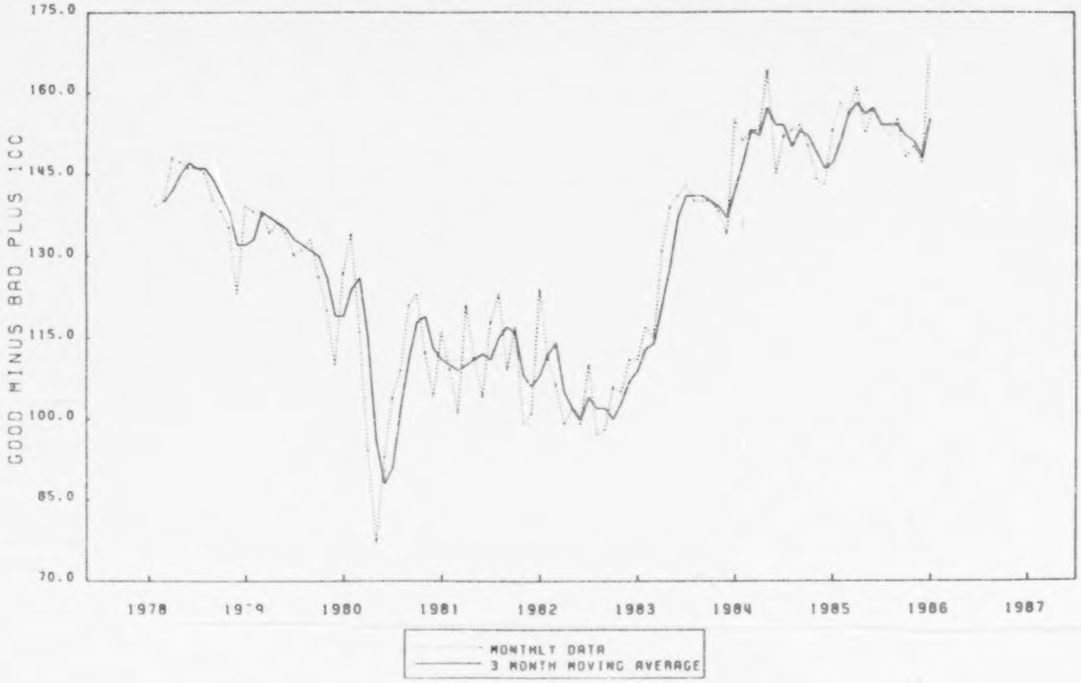


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

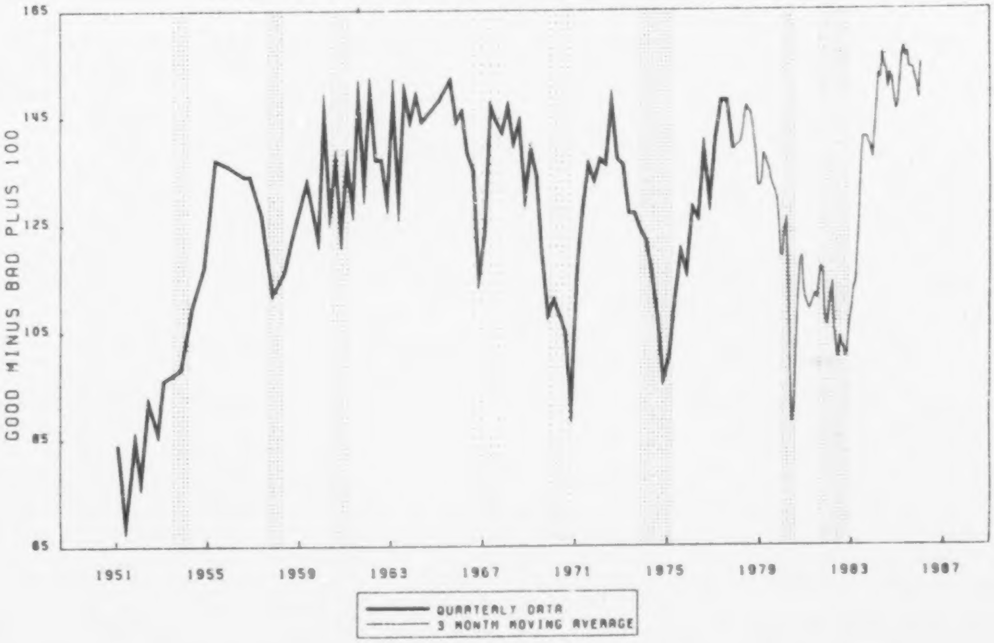


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY	73%	75%	74%	77%	72%	74%	74%	69%	73%	69%	70%	69%	80%
UNCERTAIN, DEPENDS	7	8	8	7	8	9	6	14	9	10	10	9	8
BAD TIME TO BUY	20	17	18	16	20	17	20	17	18	21	20	22	12
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

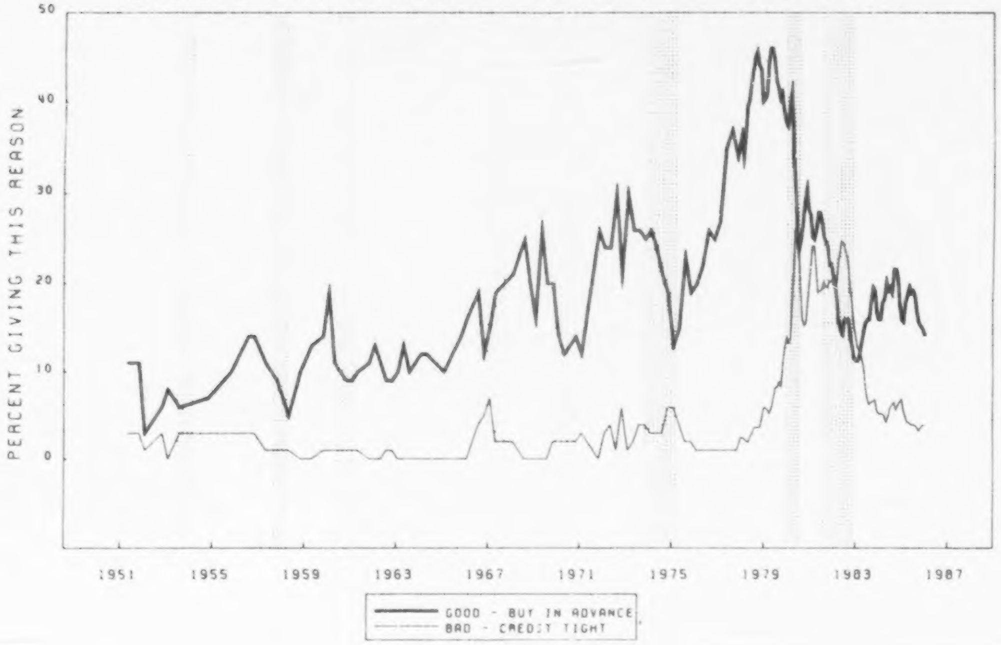


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

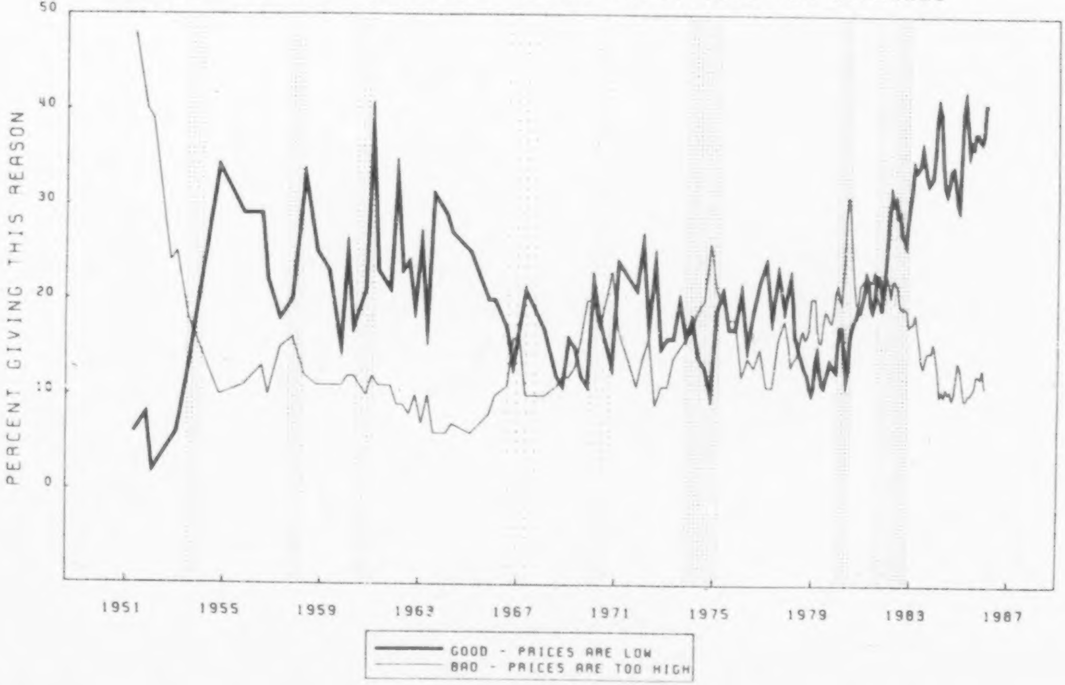


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	45%	43%	36%	37%	34%	39%	36%	38%	39%	34%	37%	42%	43%
Prices won't come down; are going higher	16	16	22	18	19	20	19	17	15	15	16	14	13
Interest rates low; credit is easy	11	11	10	13	11	13	14	15	14	15	12	12	18
BAD TIME TO BUY:													
Prices are high	10	9	10	10	11	10	11	12	14	11	11	17	5
Interest rates are high; credit is tight	6	4	5	4	4	4	4	4	3	3	5	4	3
Lack of purchasing power	10	6	7	6	9	7	6	5	6	8	7	5	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

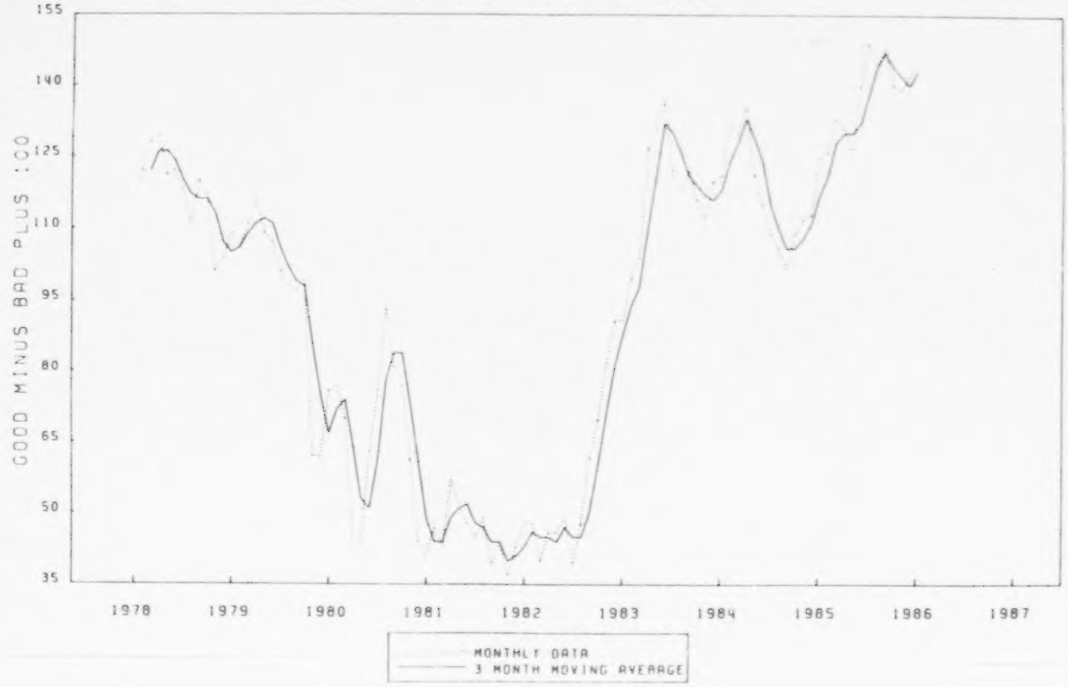


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

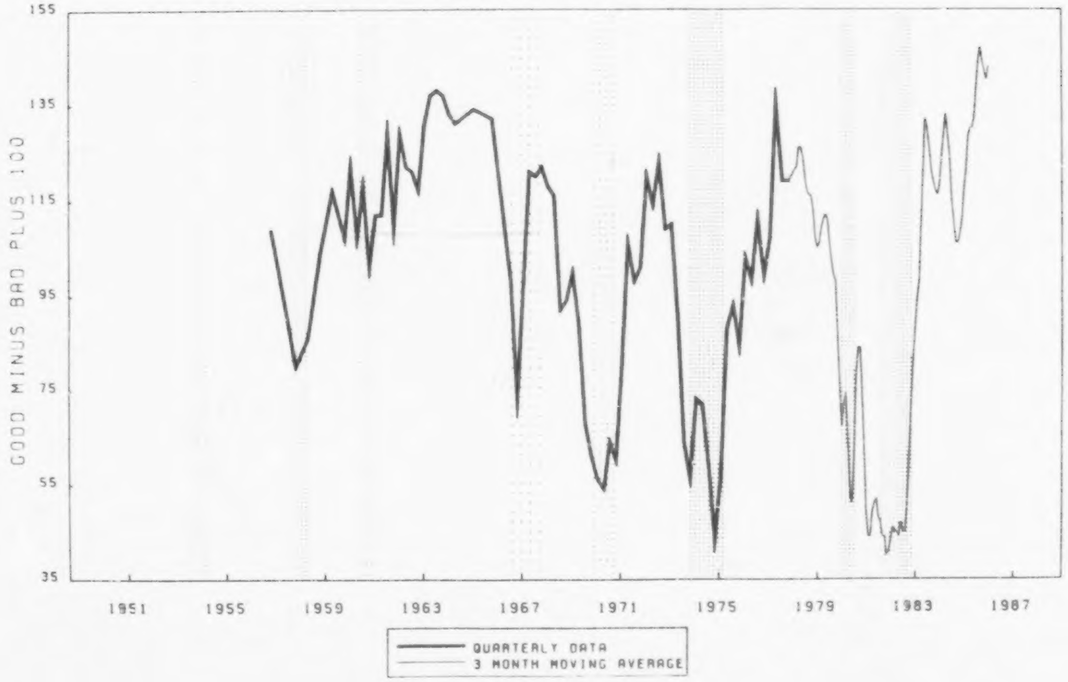


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY	61%	61%	64%	64%	61%	67%	73%	69%	72%	68%	67%	68%	72%
UNCERTAIN, DEPENDS	3	4	5	3	4	6	3	6	4	4	5	6	3
BAD TIME TO BUY	36	35	31	33	35	27	24	25	24	28	28	26	25
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

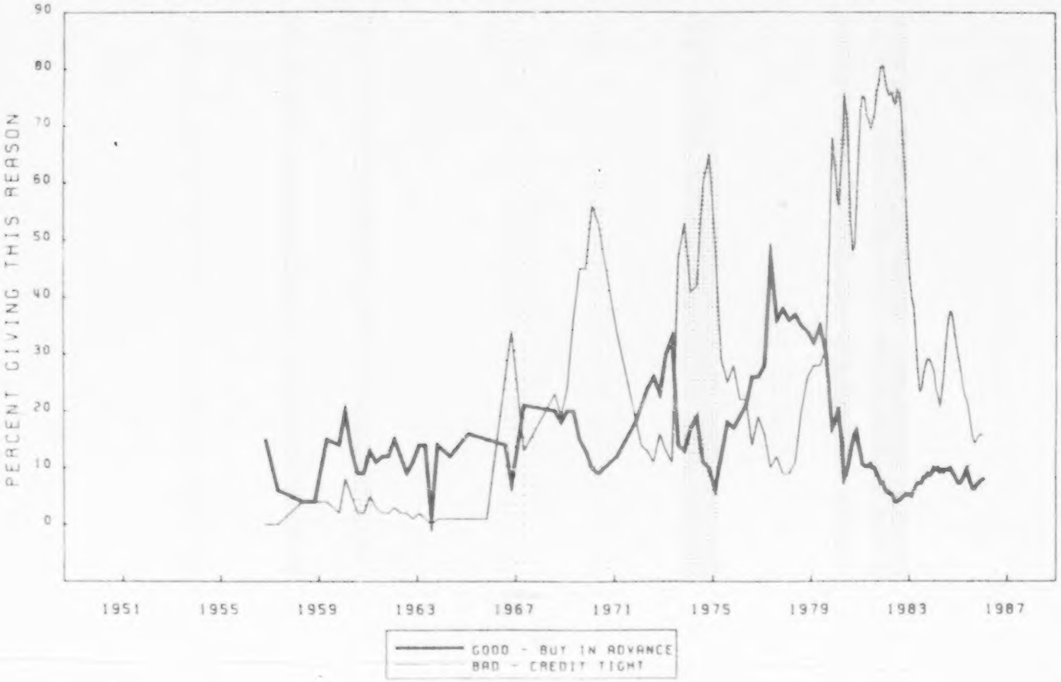


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

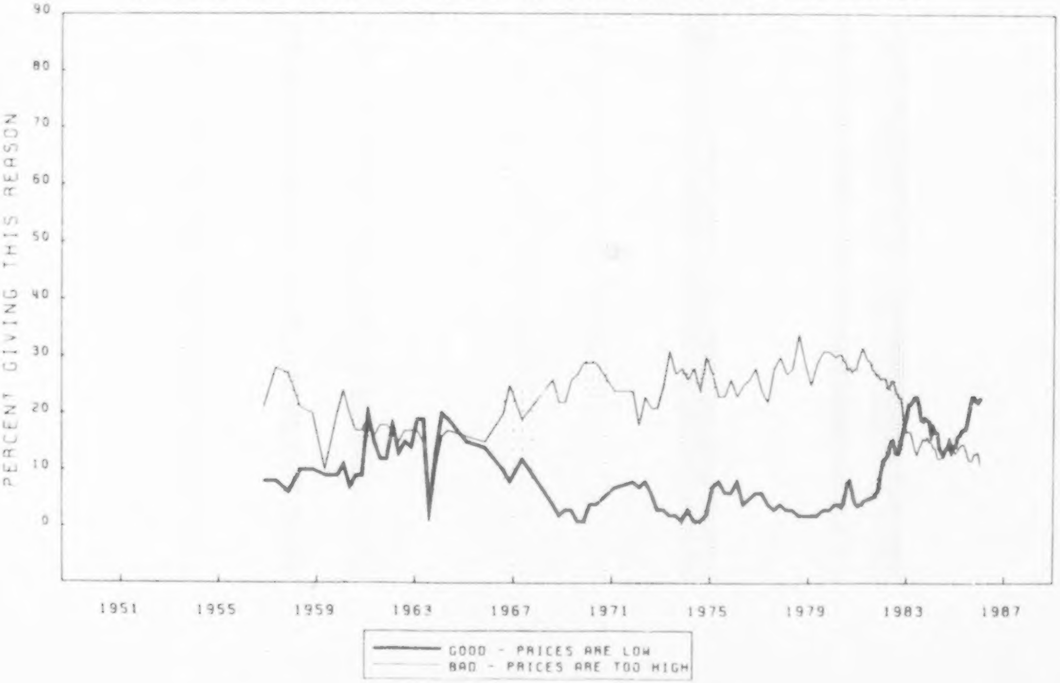


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	15%	16%	18%	17%	17%	18%	22%	23%	24%	22%	21%	23%	24%
Prices won't come down; are going higher	7	7	10	9	10	7	5	7	7	7	8	8	8
Interest rates low; credit is easy	49	50	48	47	43	56	57	58	56	55	52	53	60
Good investment	6	6	7	6	6	6	5	7	4	6	4	5	6
BAD TIME TO BUY:													
Prices are high	14	14	15	15	14	12	11	12	12	15	12	13	8
Interest rates are high; credit is tight	27	25	22	21	23	17	13	16	14	15	18	15	14
Lack of purchasing power	12	11	9	12	16	9	11	9	9	10	10	6	10

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

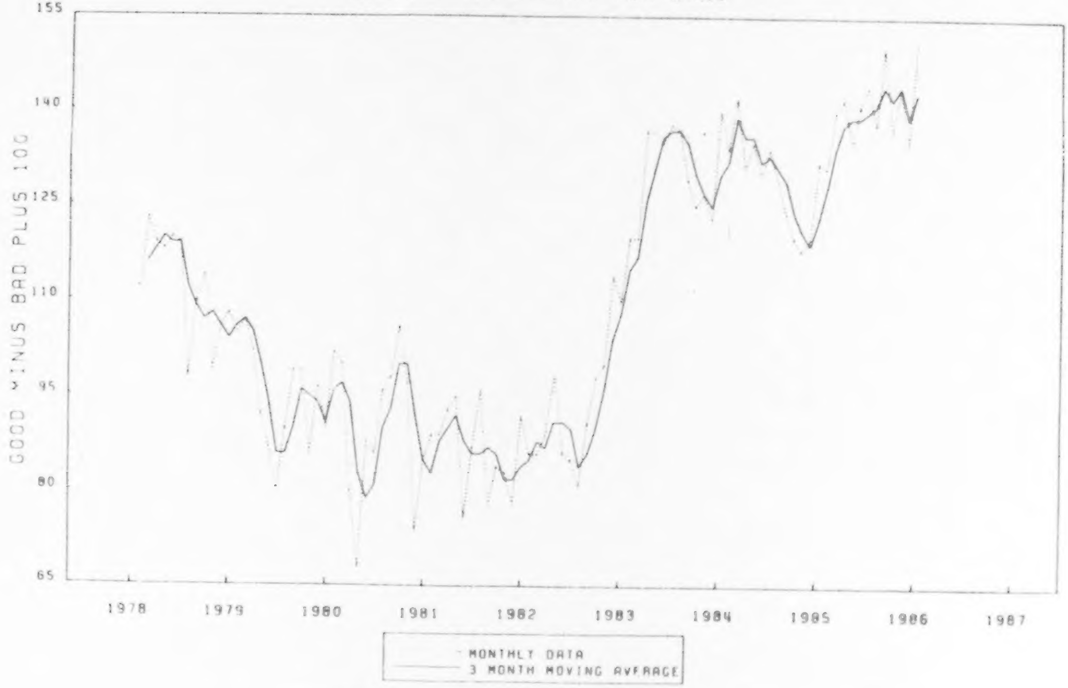


CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

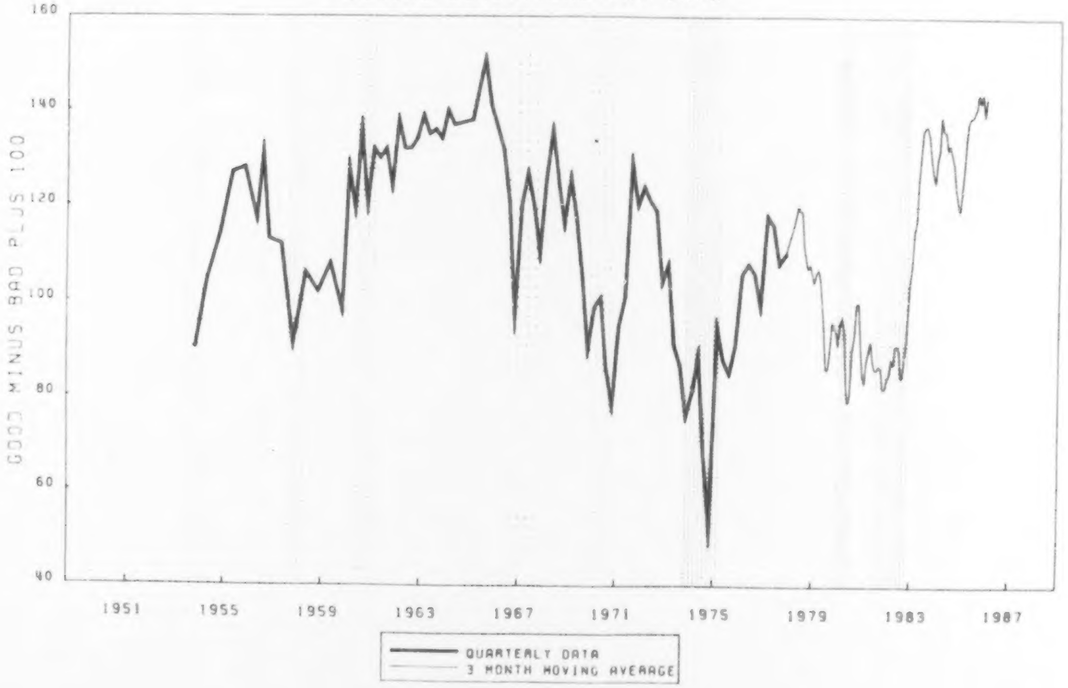


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

TABLE 25

BUYING CONDITIONS FOR CARS

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY	62%	61%	67%	68%	65%	67%	67%	64%	72%	65%	68%	63%	71%
UNCERTAIN; DEPENDS	8	9	6	6	5	7	10	10	6	7	8	9	9
BAD TIME TO BUY	30	30	27	26	30	26	23	26	22	28	24	28	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	640	655	653	675	661	652	641	650	654	652	651	652	656

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

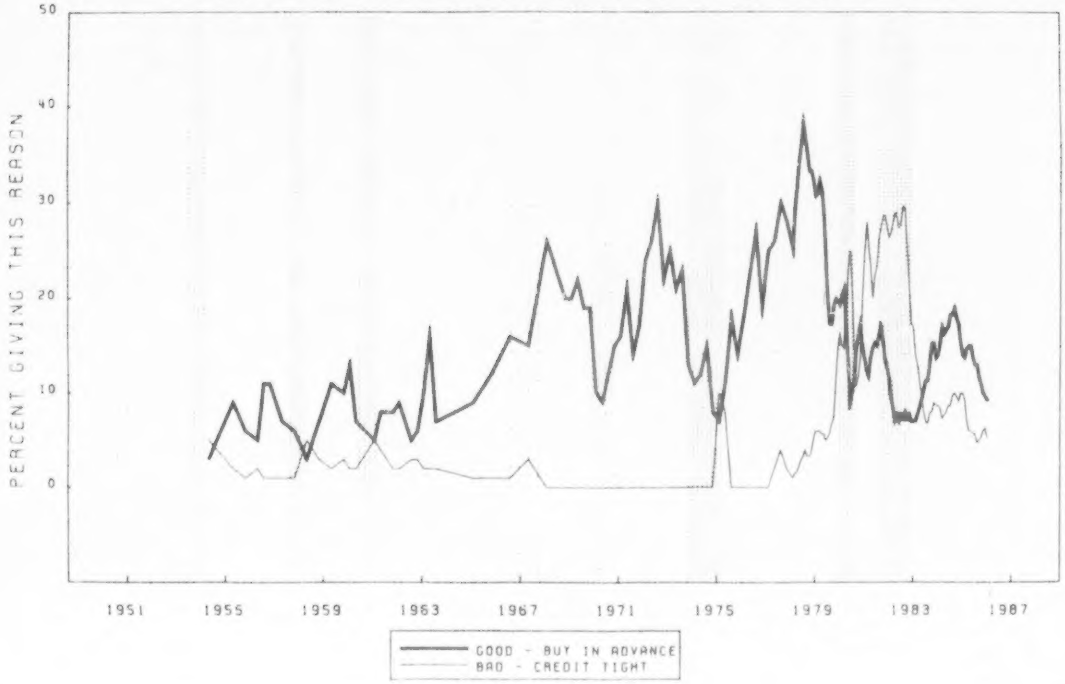


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

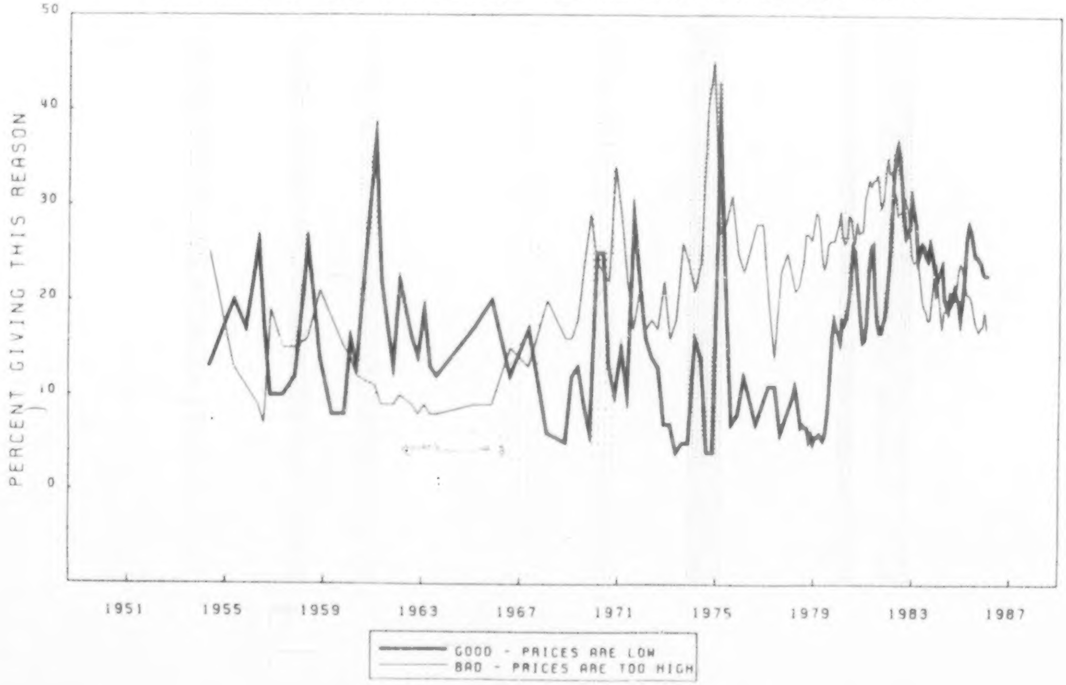


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Jan. 1985	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	26%	30%	28%	24%	26%	24%	24%	25%	23%	21%	24%	23%
Prices won't come down; are going higher	13	14	17	14	14	13	12	14	9	10	11	8	9
Interest rates low; credit is easy	23	24	23	25	28	35	35	36	46	41	40	37	51
New fuel efficient models	*	1	1	1	1	1	1	1	1	1	2	1	*
BAD TIME TO BUY:													
Prices are high	21	21	20	21	20	17	17	18	15	19	18	20	13
Interest rates are high; credit is tight	8	8	5	5	8	4	5	5	5	6	7	6	3
Lack of purchasing power	7	6	6	4	6	6	6	4	4	6	4	4	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	4	3	4	3	4	3	4	3	3	1	4	4

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

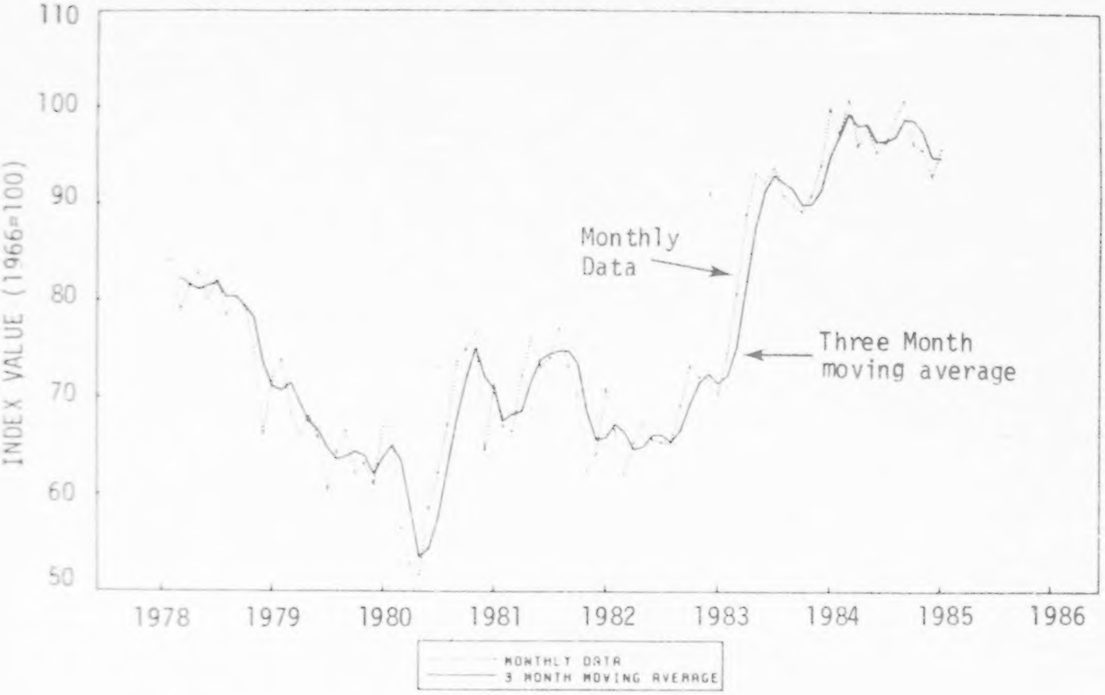
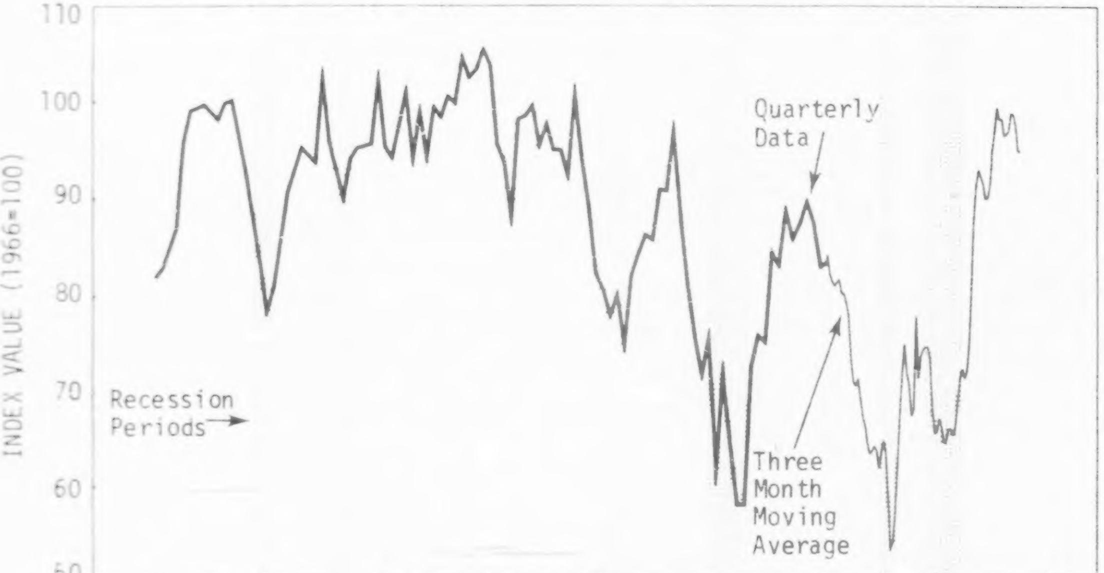


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:
November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

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[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

February 7, 1986

JANUARY 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

FAVORABLE BUYING ATTITUDES REACH NEW PEAK

- In the January 1986 survey, the Index of Consumer Sentiment was 95.6, the third monthly increase since 88.4 was recorded in October 1985. The recent improvement has returned the Index to just below the year earlier level of 96.0. A resurgence in favorable buying attitudes was responsible for the entire improvement.

- Among families with incomes of $25,000 or more in the January 1986 survey, the Index was 103.9, up from 101.1 one month earlier, but below the year earlier reading of 106.7.

- Favorable buying attitudes reached new all-time record levels in the January 1986 survey. Among all families, 80 percent held favorable attitudes toward buying conditions for large household durables, up from 69 percent one month earlier, and 73 percent one year earlier. The primary reason given by respondents for these record favorable buying attitudes was the availability of price discounts—reported by 43 percent of all families.

- Favorable home buying attitudes were held by 72 percent of all families in the January 1986 survey, just below the all-time peak of 73 percent recorded in mid 1985. Very positive perceptions of market prices for homes were recorded in the January 1986 survey. Three times as many families made favorable as made unfavorable references to current home prices—24 versus 8 percent. The eight percent that complained about high home prices was the lowest proportion recorded in more than thirty years. Current mortgage rates were also viewed in very positive terms in the January 1986 survey, referred to by 55 percent of all families. the highest proportion ever recorded.

- Favorable vehicle buying attitudes were held by 71 percent of all families in the January 1986 survey, just below the all-time record of 72 percent recorded in September of 1985. Price discounts and reduced interest rates on vehicle loans were the primary factors mentioned by consumers in support of these very favorable views. In the January survey, the fewest number of consumers in nearly 20 years complained about high vehicle prices—13 percent. And the highest number of consumers mentioned the availability of reduced interest rates on vehicle loans—50 percent in January 1986, up from 21 percent one year earlier.

- The personal financial situation of American families remained favorable in the January 1986 survey. Among all families, 45 percent reported that their financial situation had improved during the past year, just above the 42 percent recorded one year earlier. Importantly, the fewest number of consumers in twenty years registered complaints about the erosion of purchasing power due to inflation.

• • •

The recent improvement in sentiment continues the longest, most favorable period of consumer confidence recorded since the 1960s. A favorable personal financial situation coupled with record favorable buying attitudes indicates the maintenance of sales at high levels through 1986. Consumers, however, have come to expect price and interest rate discounts, and are willing to time their purchases depending on the availability of these discounts.

Favorable Buying Attitudes Reach New Record Peak

Durables. Favorable attitudes toward buying toward buying conditions for large household durables reached a new all-time record level in the January survey. Among all families, 80 percent reported favorable buying conditions for household durables in January 1986, surpassing the old record of 77 percent recorded in the April 1985 survey. When asked to explain these very positive views, consumers reported the widespread availability of price discounts. Among all families in the January 1986 survey, 43 percent cited the availability of price discounts on household durables, just below the all-time record of 45 percent recorded in the January 1985 survey. Unfavorable references to high prices for durables were made by just 5 percent of all families in the January 1986 survey, an all-time record low, and just half the level recorded one year earlier. On balance, consumers held more positive views of market prices for household durables at the start of 1986 than at any time during the past thirty-five years.

Homes. Favorable home buying attitudes were held by 72 percent of all families in the January 1986 survey, just below the all-time record of 73 percent recorded in the July 1985 survey, and substantially above the January 1985 level of 61 percent. References to reductions in mortgage interest rates dominated these favorable replies (see Chart A). Among all families in the January 1986 survey, 55 percent mentioned the current availability of reduced mortgage rates, up from 42 percent one year earlier, and the highest level ever recorded (see Table A). Just 14 percent complained about high mortgage rates in the January 1986 survey, down from 27 percent one year earlier.

Consumers also held very favorable perceptions of current market prices for homes. In the January 1986 survey, 24 percent of all families mentioned the availability of price reductions on homes, up from 15 percent one year earlier. In comparison, just 8 percent of all families in the January survey complained about high home prices, down from 14 percent one year earlier, and the lowest level recorded in the history of these surveys.

Vehicles. Attitudes toward buying conditions for vehicles were more favorable, on balance, in the January 1986 survey than at any time during the past three decades. Among all families in the January 1986 survey, 71 percent held favorable car buying attitudes, just below the all-time peak of 72 percent recorded in September 1985. Unfavorable car buying attitudes were held by just 20 percent of all families in the January 1986 survey, below the September 1985 level of 22 percent. Price discounts and interest rate reductions have been responsible for these very positive vehicle buying attitudes. Among all families in the January 1986 survey, 50 percent mentioned the current availability of interest rate discounts on vehicle loans, more than twice the year earlier level, and the highest level ever recorded (see Table A and Chart B). Although the proportion of families that mentioned the availability of price discounts in the January 1986 survey was not significantly different from the year earlier figure (23 versus 24 percent), the proportion of consumers that complained about high vehicle prices fell to 13 from 21 percent one year earlier, and the lowest level recorded since the late 1960s.

Personal Finances Remain Strong

The financial situation of American families remained favorable at the start of 1986, as it has been for nearly three years. Among families in the January 1986 survey, 45 percent reported that their financial situation had improved during the prior year, above the 42 percent recorded in the January surveys in 1984 and 1985. Not since the 1960s have consumers' assessments of their own financial progress been this favorable for as long a period of time. When asked how their financial situation had changed during the past year, income increases were reported by 35 percent of all families in the January 1986 survey, up from 33 percent one year earlier and 31 percent two years earlier. More importantly, fewer consumers than at any time since 1966 complained about the erosion of living standards due to inflation—10 percent in the January 1986 survey.

Consumers view prospects for their own financial situation during 1986 in positive terms. Among all families in the January 1986 survey, 35 percent expected their financial situation to improve, unchanged from the year earlier reading. Half of all families expected no overall change in their financial situation during 1986. Just 12 percent of all families in the January 1986 survey expected their financial situation to worsen during the year ahead, only slightly above the 11 percent recorded one year earlier and the 9 percent recorded two years earlier.

Slow Economic Growth Expected to Persist

Improvement in the national economy during 1985 was reported by 52 percent of all families in the January 1986 survey, somewhat below the 57 percent recorded one year earlier. When asked about the year ahead, the majority of respondents expected the performance of the national economy in 1986 to be similar to 1985—58 percent in January 1986, up from 55 percent one year earlier. Many fewer respondents expected either a faster pace of improvement or a recession. Among all families, 24 percent expected further improvement in the national economy in the January 1986 survey, down from 29 percent one year earlier. Actual declines in business conditions, however, were expected by only 16 percent of all families in the January 1986 survey, just above the 15 percent recorded one year earlier.

Despite this outlook for slow economic growth, the majority of families still expected good times financially in the country as a whole during the next twelve months. In the January survey, 58 percent of all families expected good times in the economy during 1986, just below the 63 percent recorded one year earlier. The outlook for the economy over the longer term was not as favorable. In the January 1986 survey, consumers held an overall unfavorable view of prospects for the economy over the next five years—39 percent expected good times financially compared with 46 percent that expected unfavorable developments. In contrast, one year ago a positive balance of opinion was recorded (43 versus 39 percent).

In the January 1986 survey, the national unemployment rate was expected to remain unchanged from its current level during the year ahead (54 percent expected no change in January 1986, as in January 1985). Increases in the unemployment rate were expected by 30 percent of all families in the January 1986 survey, up from 25 percent one year earlier. Declines in the unemployment rate were expected by just 15 percent of all families in the January 1986 survey, unchanged from one and two months earlier, but somewhat below the 20 percent recorded at the start of 1985.

In the January survey, the annual rate of inflation was expected to average 4.2% during 1986, barely above the 4.1% recorded at the start of 1985. Nearly two-thirds of all families in the January 1986 survey expected an annual inflation rate of under 5%. Confidence in government economic policies to control inflation and unemployment remained at favorable levels in the January 1986 survey, although somewhat below the year earlier readings. Among all families in the January 1986 survey, 27 percent favorably rated government economic policies, down from 34 percent at the start of 1985. Unfavorable evaluations of government policies were voiced by 20 percent of all families in the January 1986 survey, somewhat above the 16 percent recorded one year earlier.

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The January 1986 survey included 656 interviews conducted between January 3 and January 31, 1986.

TABLE A

REFERENCES TO INTEREST RATES IN SUPPORT OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses[a]		Vehicles	
		Low Rates	BIA[b] Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
January	1983	7%	*	33%	4%	27%	2%
February	1983	7	1	35	5	34	1
March	1983	7	1	38	6	33	1
April	1983	12	2	46	8	38	2
May	1983	12	1	49	6	38	2
June	1983	13	3	49	12	38	2
July	1983	14	2	40	9	34	3
August	1983	11	1	33	11	30	3
September	1983	9	3	35	12	25	3
October	1983	6	1	29	9	17	2
November	1983	6	2	29	11	20	2
December	1983	6	1	30	11	16	3
January	1984	8	1	33	8	20	3
February	1984	9	2	38	12	19	3
March	1984	8	2	36	13	19	3
April	1984	8	6	29	23	15	7
May	1984	7	4	24	20	14	4
June	1984	7	4	21	17	12	6
July	1984	5	5	21	16	16	8
August	1984	6	2	22	13	12	5
September	1984	6	2	22	12	11	4
October	1984	7	4	24	11	10	4
November	1984	8	3	33	11	15	3
December	1984	8	2	32	6	12	3
January	1985	10	1	42	7	21	2
February	1985	9	2	42	8	23	1
March	1985	8	2	38	10	21	2
April	1985	10	3	34	13	22	3
May	1985	9	2	35	8	25	3
June	1985	11	2	50	6	32	3
July	1985	13	1	51	6	33	2
August	1985	15	*	54	4	35	1
September	1985	14	1	51	5	45	1
October	1985	14	1	48	7	40	1
November	1985	10	2	45	7	38	2
December	1985	11	1	47	6	35	2
January	1986	17	1	55	5	50	1

Less than 0.5 percent.

[a] Also includes homes, home repairs and real estate.

[b] The table provides greater detail than is reported in the monthly tables: 22, 24 and 26. The entries give the proportions of respondents that referred to the current availability of *low interest rates*, and those that referred to *borrowing-in-advance* BIA Rates) of rising interest rates.

CHART A

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

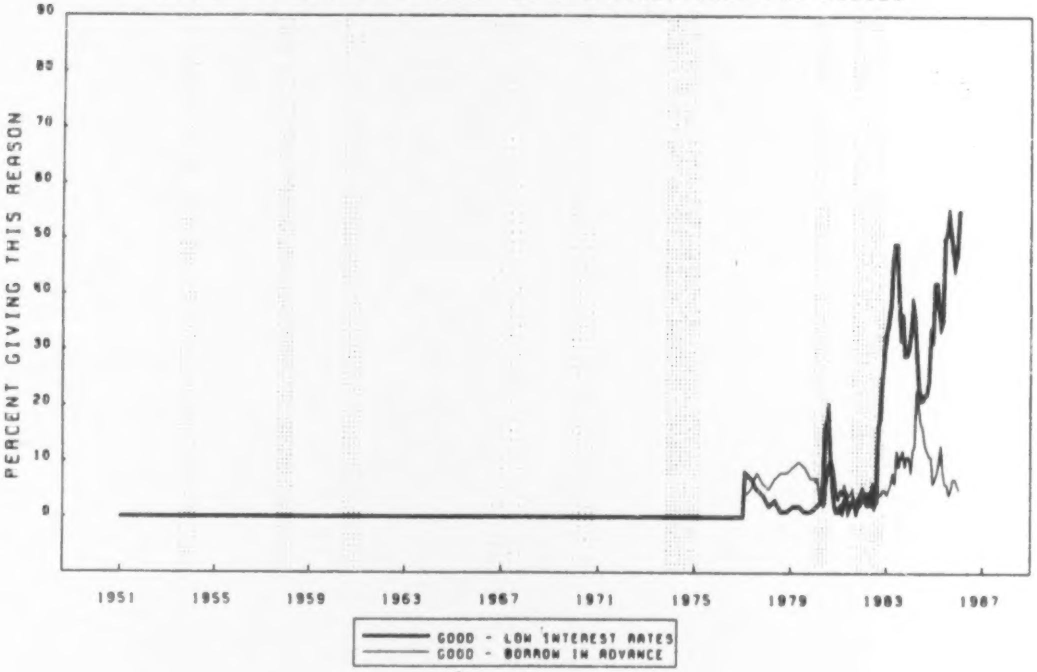
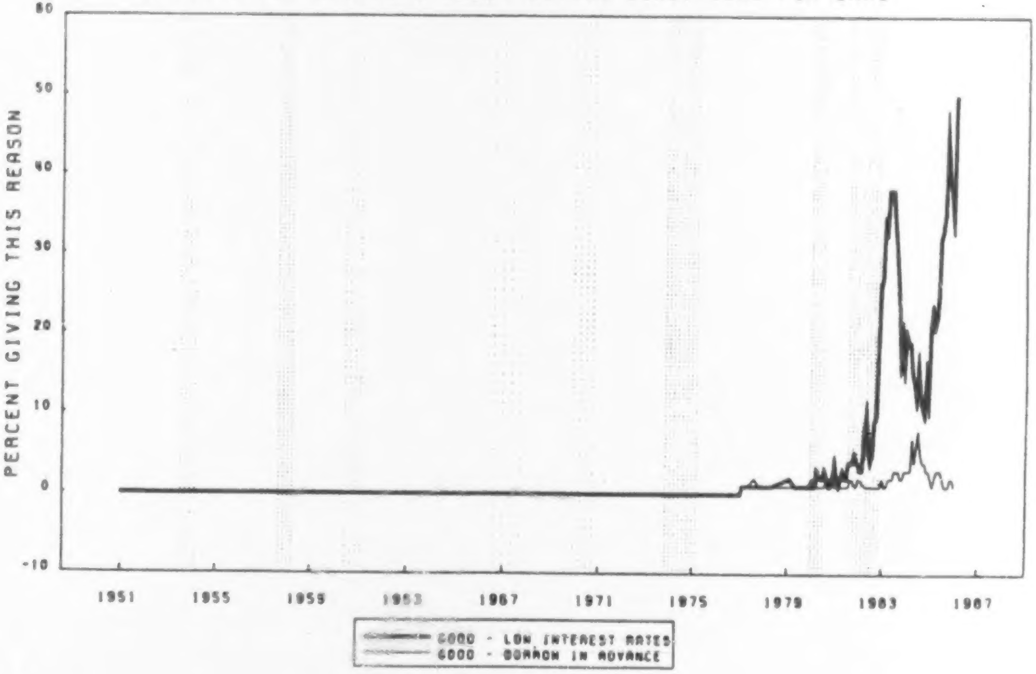


CHART B

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS



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SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

FEBRUARY 1986

The February 1986 survey is the 209th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

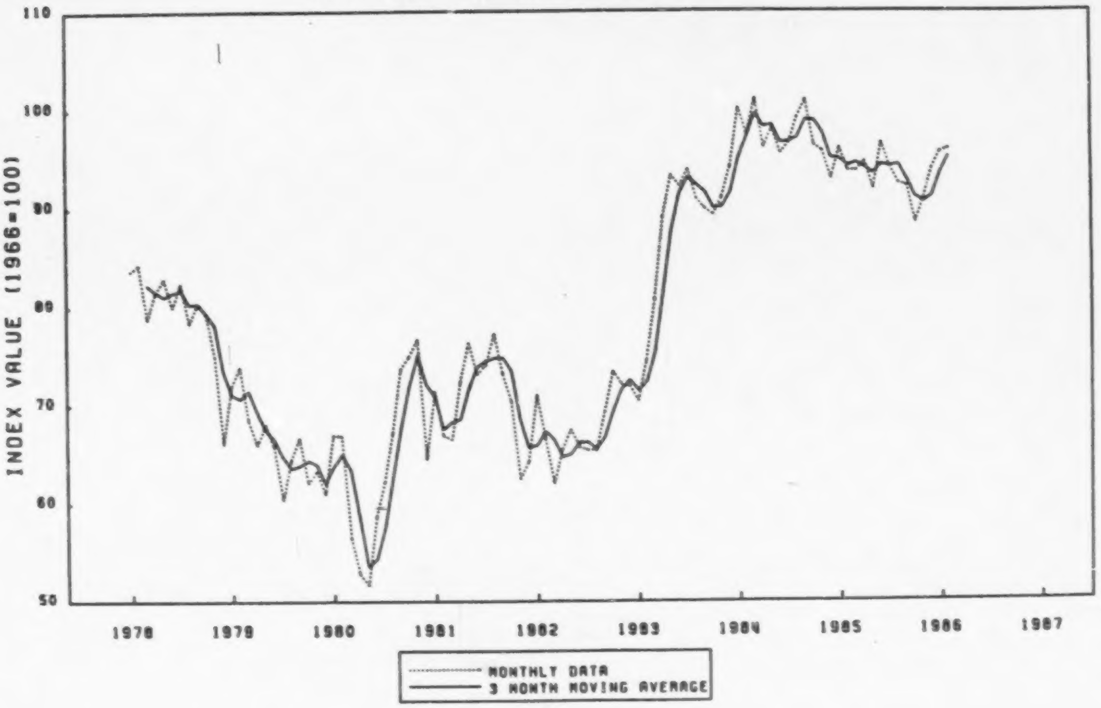


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

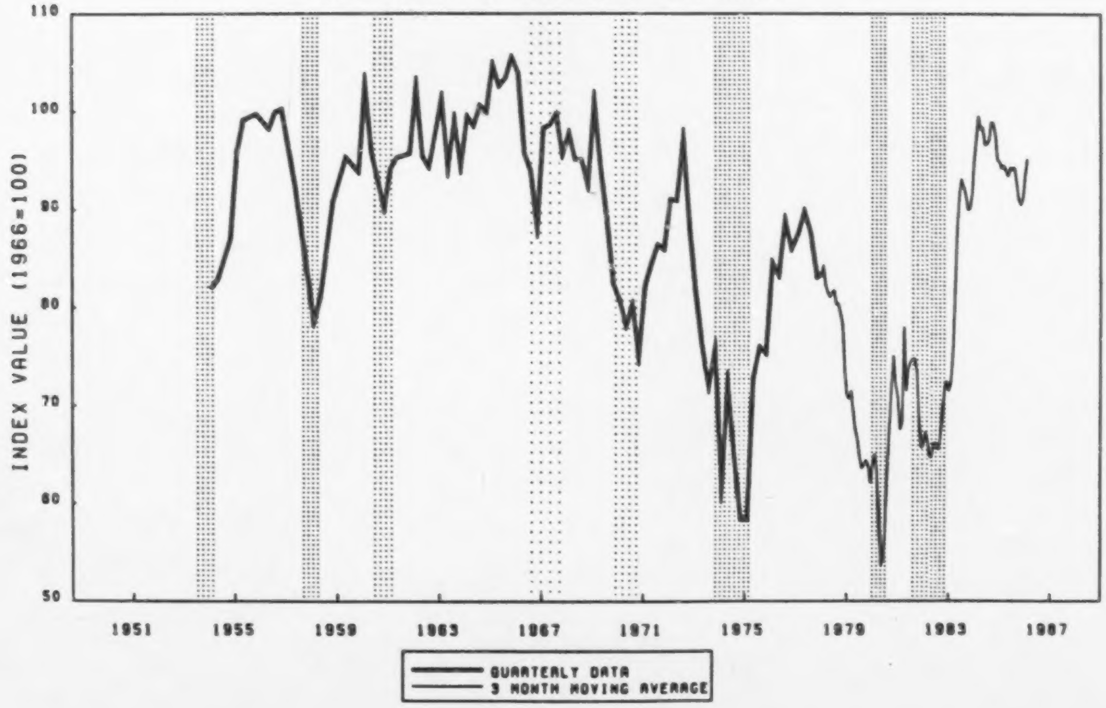


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over $20,000	Families with incomes over $25,000
February	1983	74.6	79.9	81.3
March	1983	80.8	88.4	88.9
April	1983	89.1	97.1	99.0
May	1983	93.3	99.6	101.0
June	1983	92.2	101.2	102.5
July	1983	93.9	104.4	106.5
August	1983	90.9	101.2	103.5
September	1983	89.9	99.0	102.3
October	1983	89.3	99.5	101.9
November	1983	91.1	97.2	98.8
December	1983	94.2	101.7	104.5
January	1984	100.1	112.0	114.2
February	1984	97.4	109.6	111.2
March	1984	101.0	110.9	114.2
April	1984	96.1	104.9	106.5
May	1984	98.1	105.6	107.1
June	1984	95.5	104.4	104.5
July	1984	96.6	103.2	102.8
August	1984	99.1	106.7	109.2
September	1984	100.9	109.7	111.7
October	1984	96.3	106.2	107.7
November	1984	95.7	108.6	111.0
December	1984	92.9	99.2	100.1
January	1985	96.0	104.1	106.7
February	1985	93.7	105.4	107.4
March	1985	93.7	106.5	108.8
April	1985	94.6	102.8	107.9
May	1985	91.8	99.5	100.3
June	1985	96.5	101.2	104.3
July	1985	94.0	100.0	102.6
August	1985	92.4	99.4	104.1
September	1985	92.1	100.0	99.5
October	1985	88.4	96.9	99.2
November	1985	90.9	99.3	100.4
December	1985	93.9	99.6	101.1
January	1986	95.6	102.0	103.9
February	1986	95.9	103.2	104.3

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

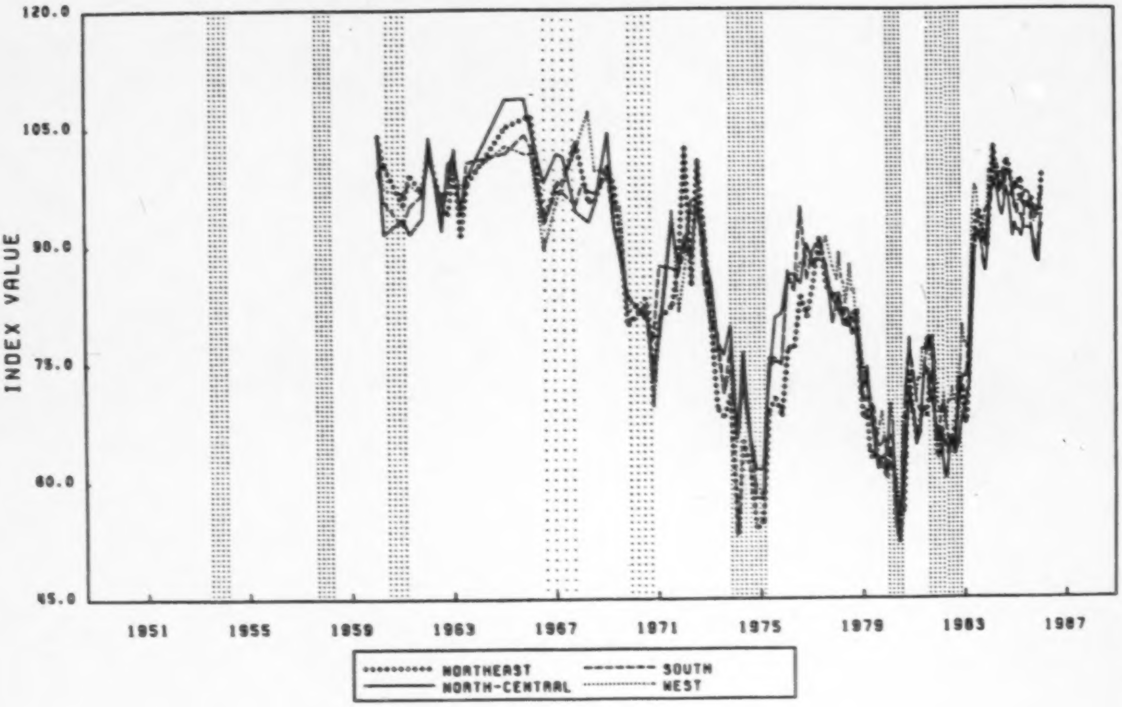


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

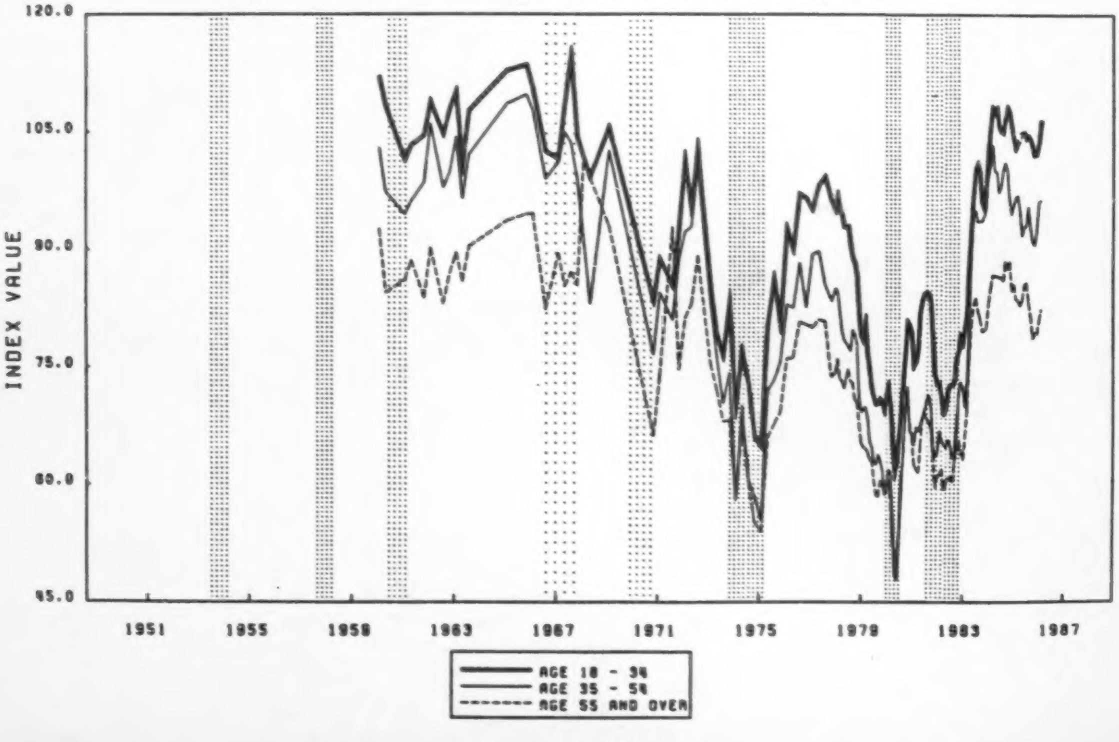


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
February	1983	72.1	72.3	75.8	77.2	82.1	68.3	72.4
March	1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April	1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May	1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June	1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.7	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8

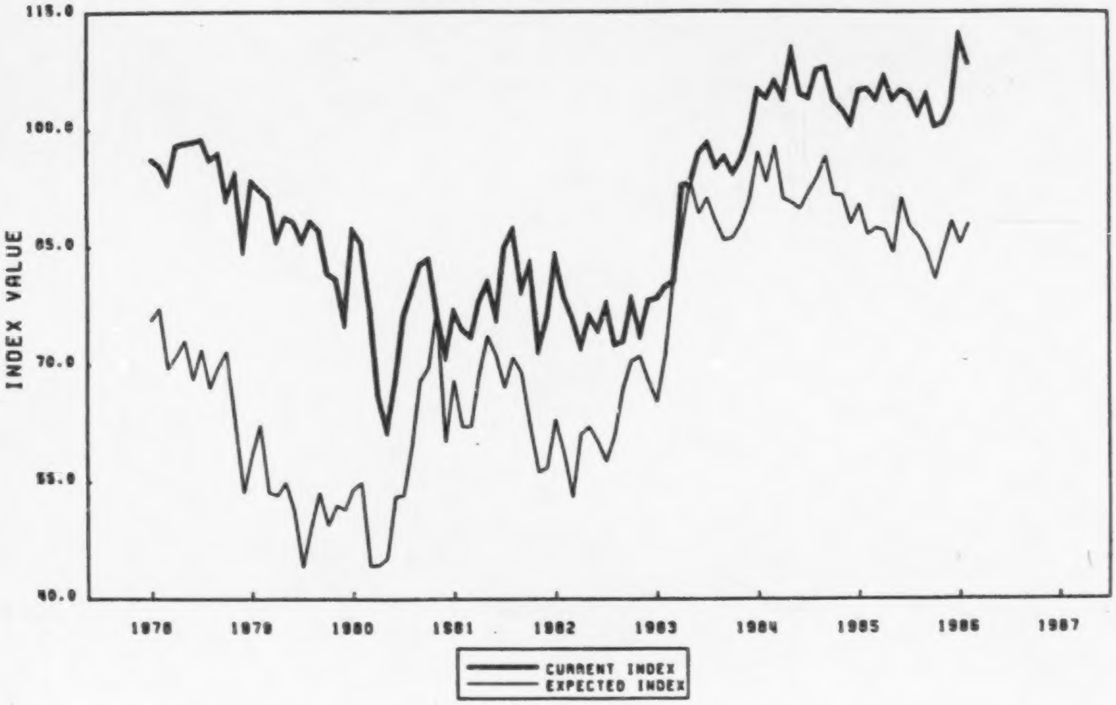


CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

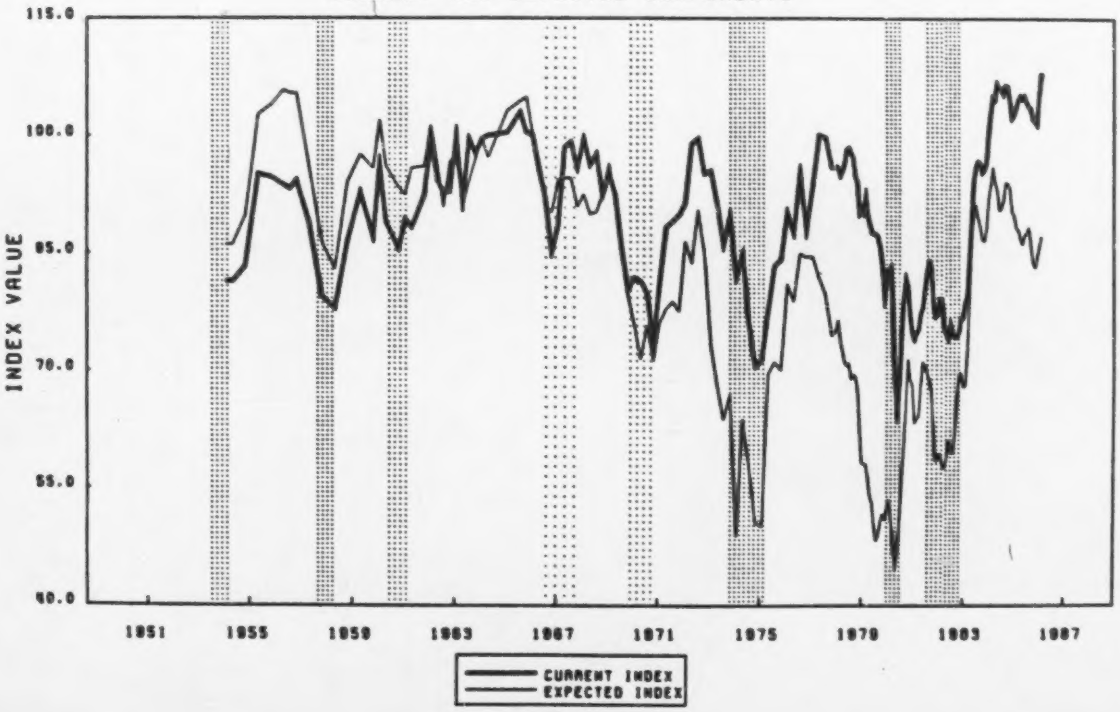


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
February 1983	89	117	87	81	117	79.9	71.2
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

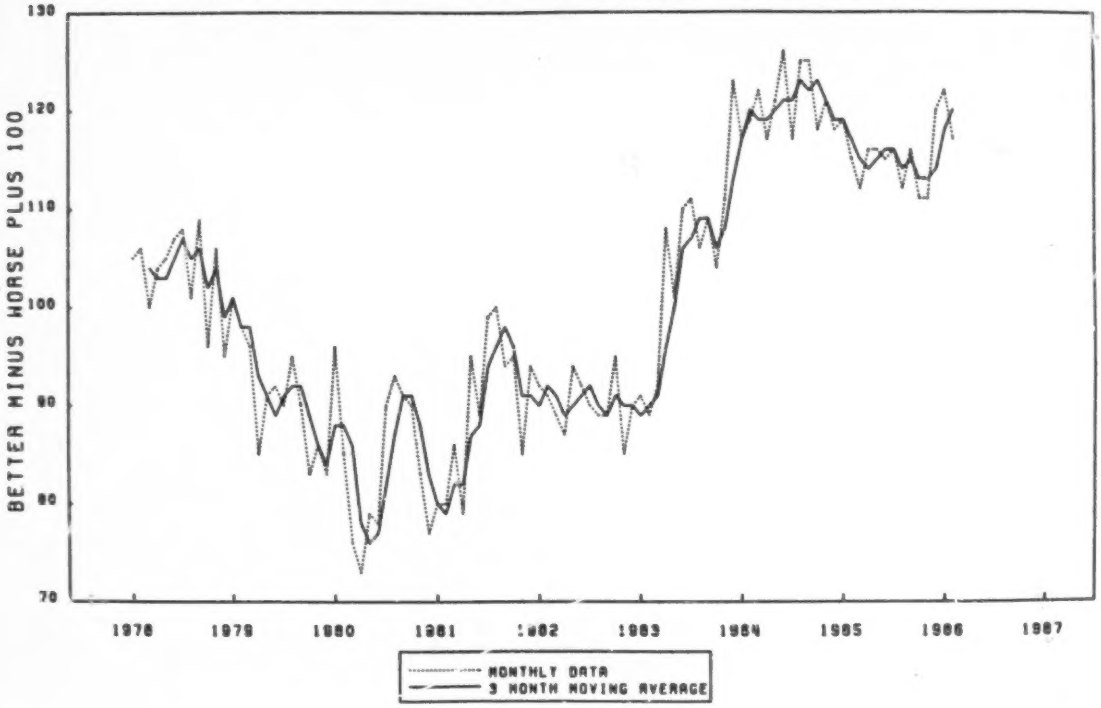


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

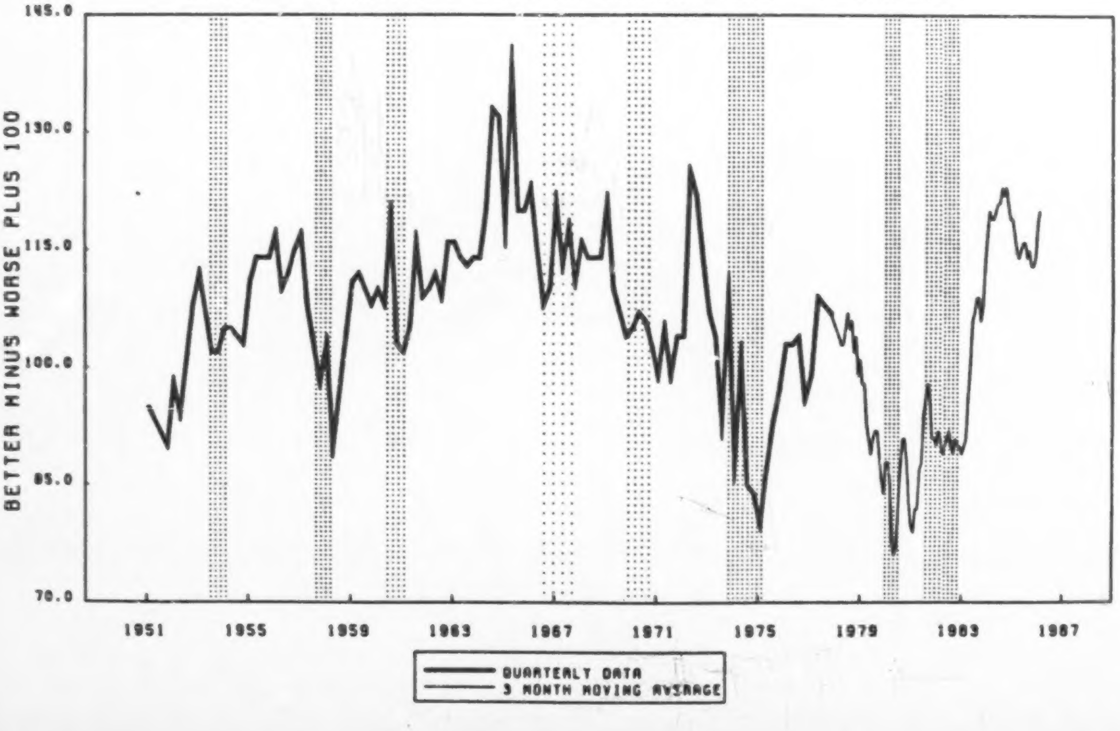


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
BETTER OFF	42%	40%	41%	40%	43%	42%	41%	43%	39%	38%	46%	45%	44%
SAME	31	32	34	36	29	32	29	28	33	34	28	32	29
WORSE OFF	27	28	25	24	28	26	29	27	28	27	26	23	27
DK,NA	*	*	*	*	*	*	1	2	*	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

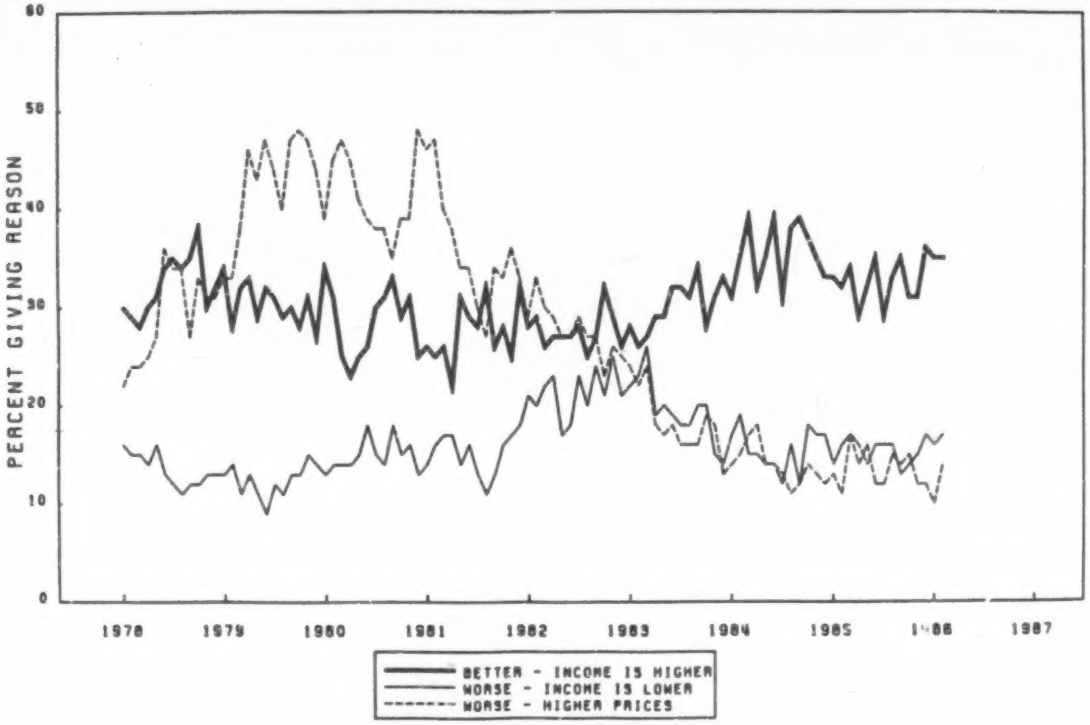


CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

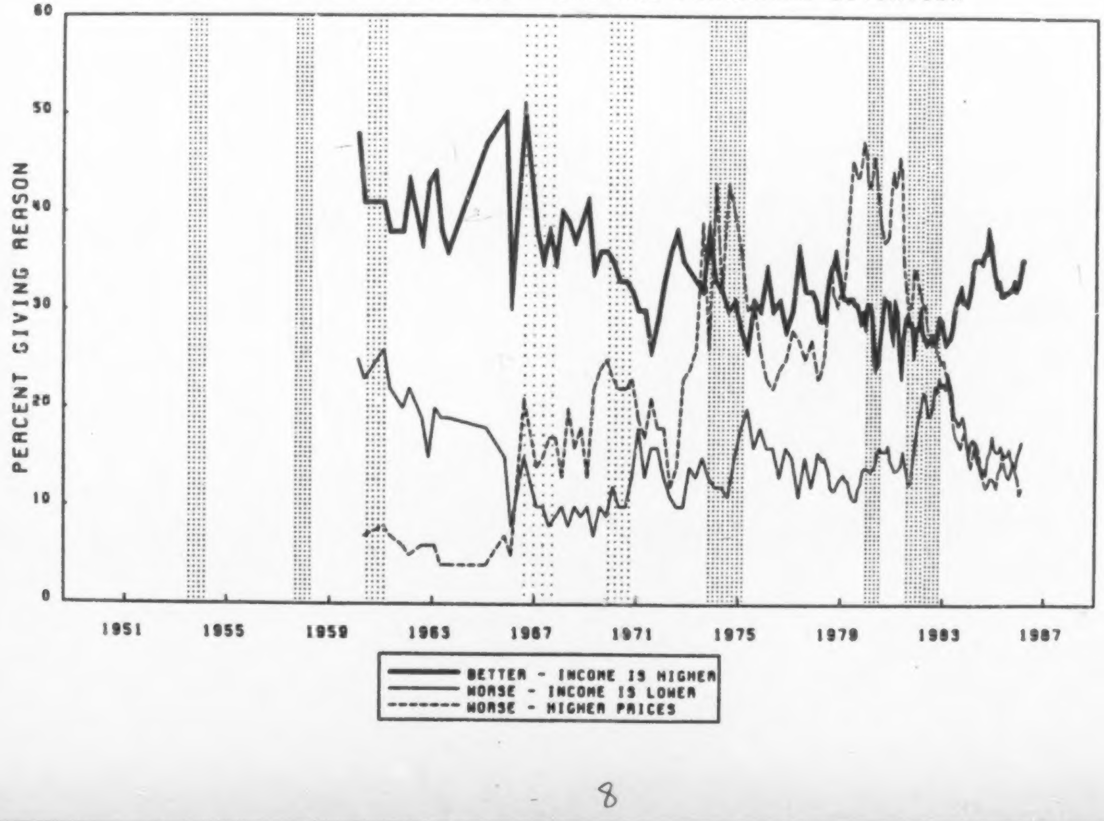


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	32%	34%	29%	32%	35%	29%	33%	35%	31%	31%	36%	35%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	17	16	14	16	16	16	13	14	15	17	16	17
Higher prices	11	17	14	16	12	12	15	14	15	12	12	10	14

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

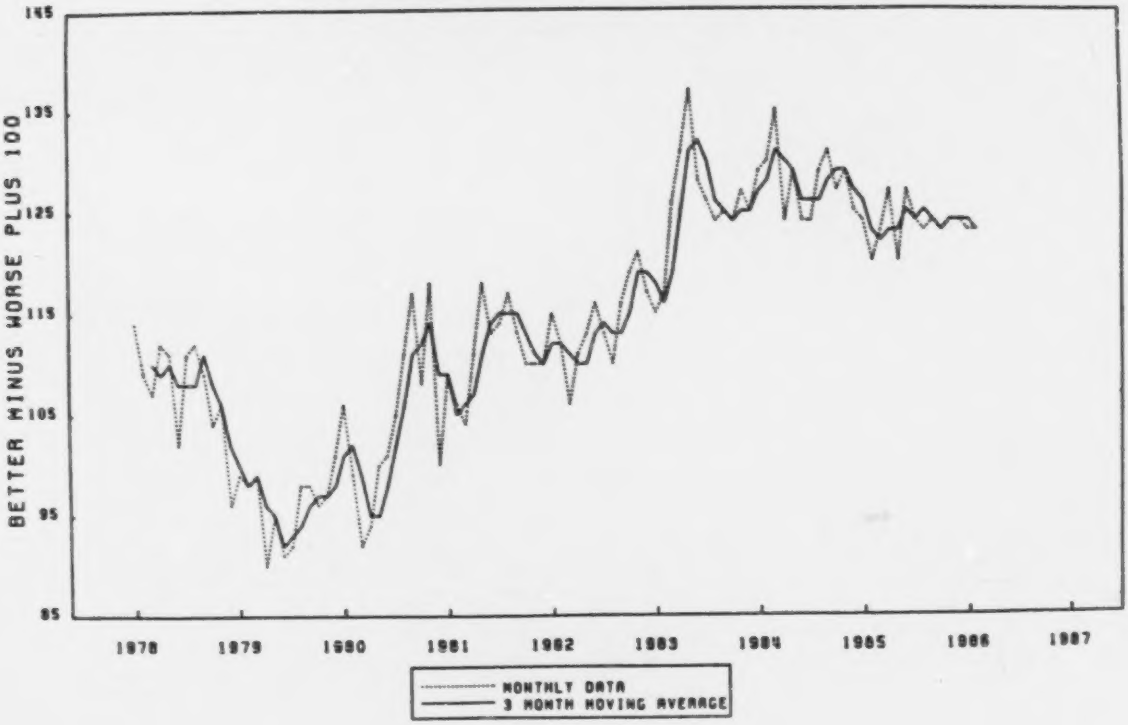


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

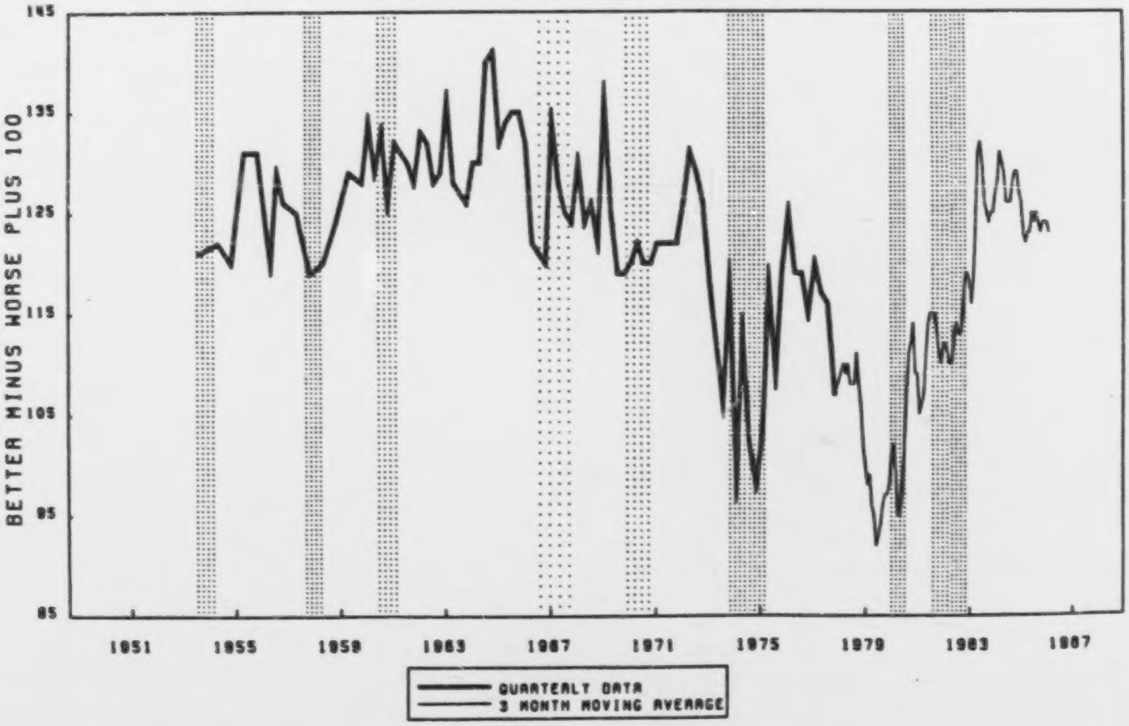


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
BETTER OFF	33%	36%	37%	34%	36%	35%	36%	35%	33%	36%	33%	35%	35%
SAME	50	49	49	49	52	51	48	50	54	48	55	50	50
WORSE OFF	13	13	10	14	9	11	13	11	10	12	9	12	12
DK,NA	4	2	4	3	3	3	3	4	3	4	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

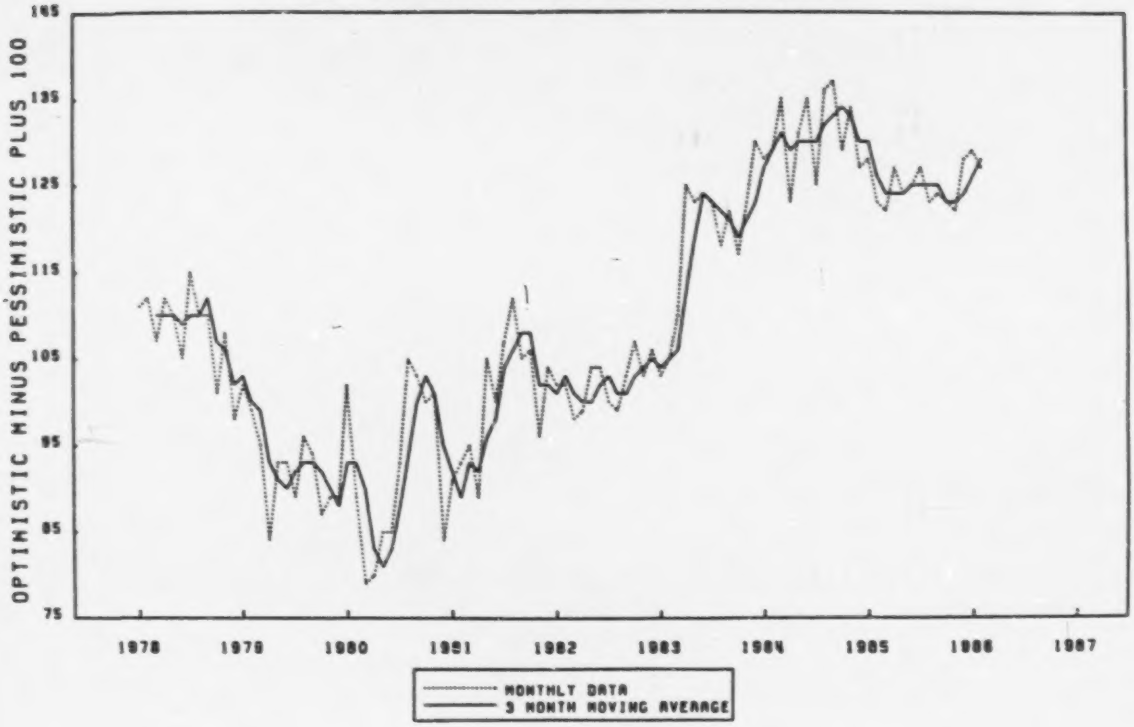


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

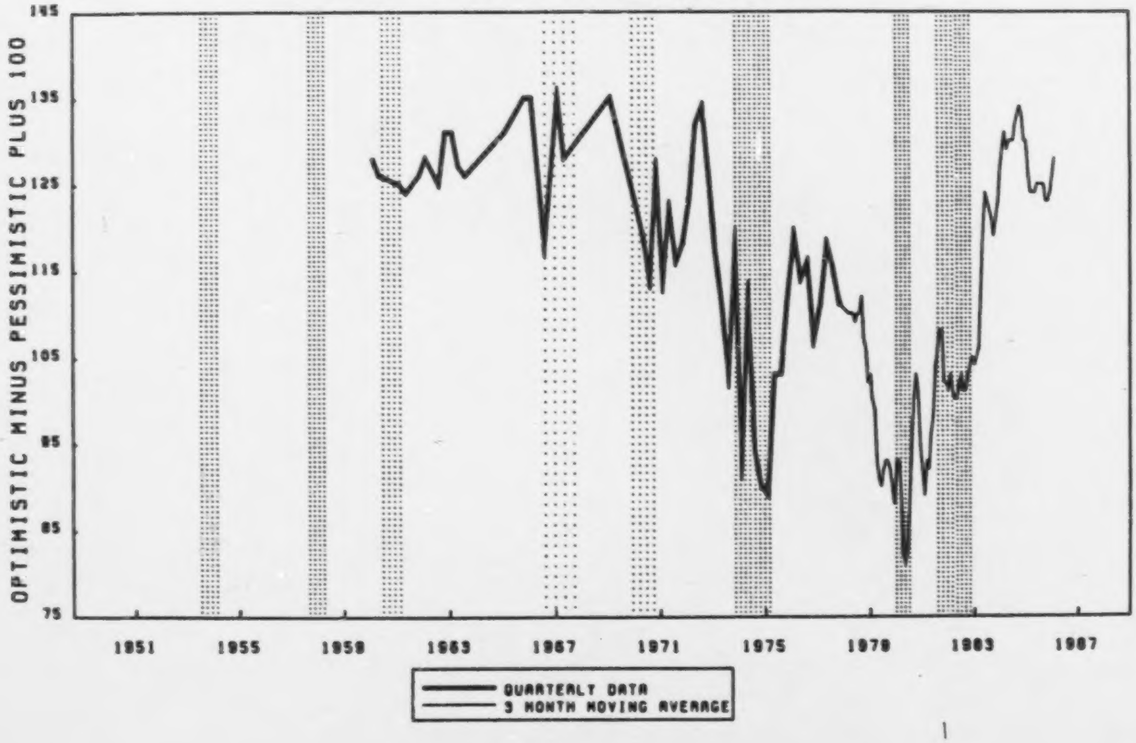


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	20%	22%	20%	22%	20%	19%	22%	18%	19%	20%	21%	20%
Intermittant increase (b)	24	26	26	26	25	26	25	24	26	25	29	29	29
Remain unchanged (c)	20	18	20	21	19	21	19	18	23	20	18	18	16
Intermittant decline (d)	15	18	16	16	17	13	14	15	15	17	17	16	16
Continuous decline (e)	6	6	5	6	5	6	7	7	6	5	4	5	6
Mixed change (f)	12	10	8	8	9	10	12	9	9	10	10	9	11
DK,NA	3	2	3	3	3	4	4	5	3	4	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

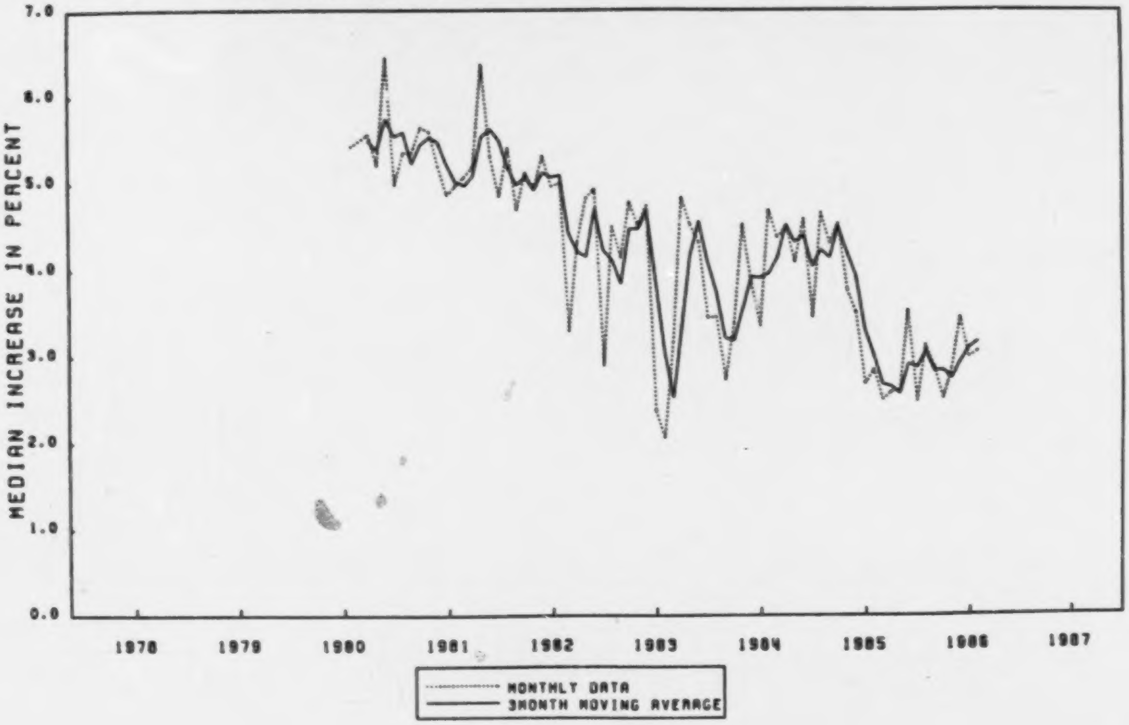


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

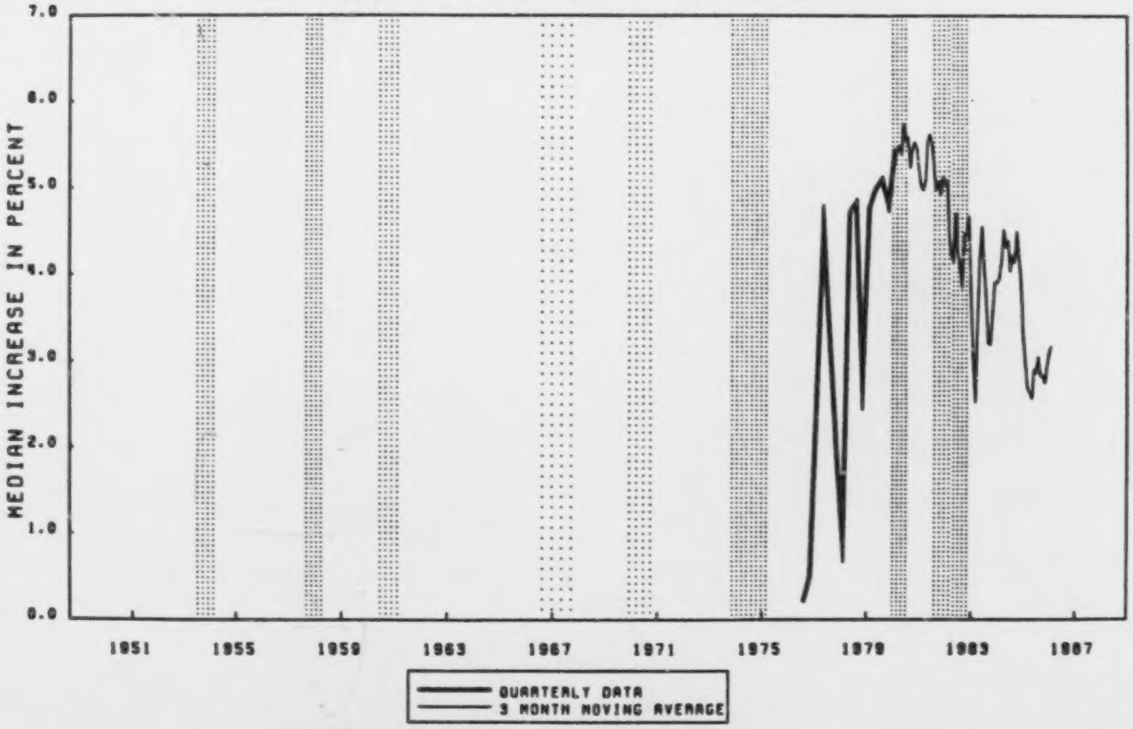


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
EXPECT INCREASE:													
1-4%	14%	12%	11%	16%	11%	13%	13%	13%	13%	17%	14%	11%	17%
5%	11	11	9	9	11	11	10	9	7	9	11	12	10
6-9%	6	7	7	5	7	7	8	8	8	8	8	7	8
10-24%	16	13	17	16	16	14	18	14	17	14	17	16	16
25% or more	7	8	8	7	10	6	5	8	6	6	6	7	6
DK how much up	3	4	3	4	4	3	3	4	5	4	5	4	3
EXPECT SAME	26	29	30	28	26	28	29	28	29	26	25	28	27
EXPECT DOWN	16	15	14	13	14	16	12	13	14	14	12	14	12
DK,NA	1	1	1	2	1	2	2	3	1	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

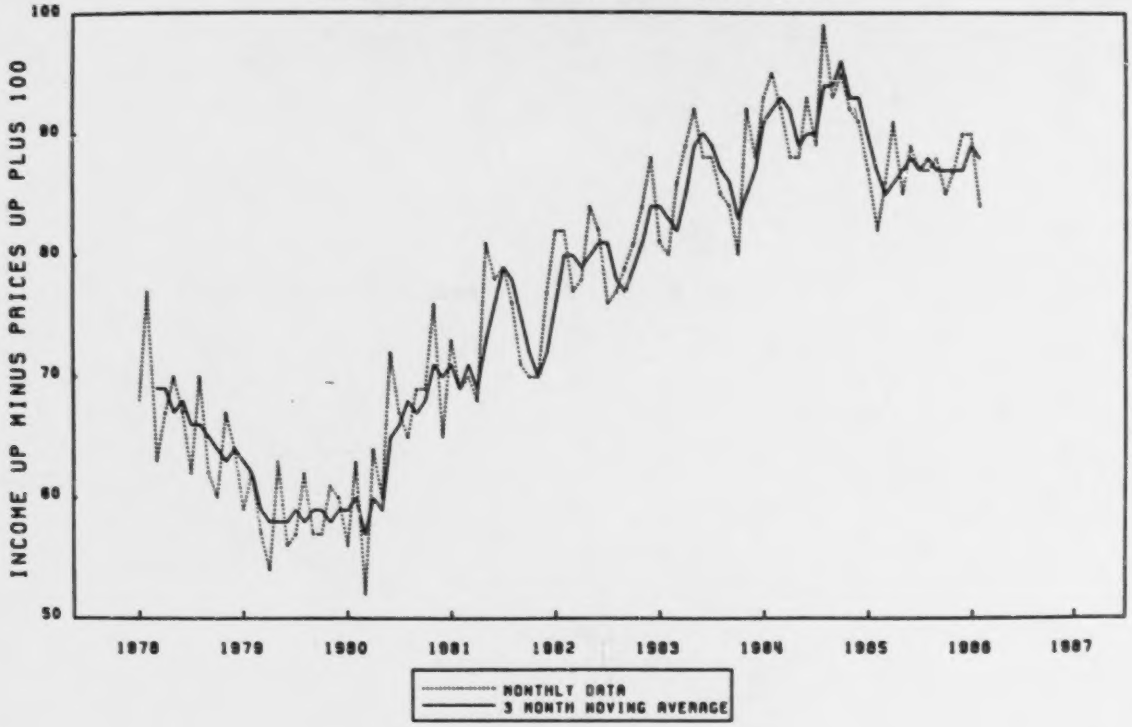


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

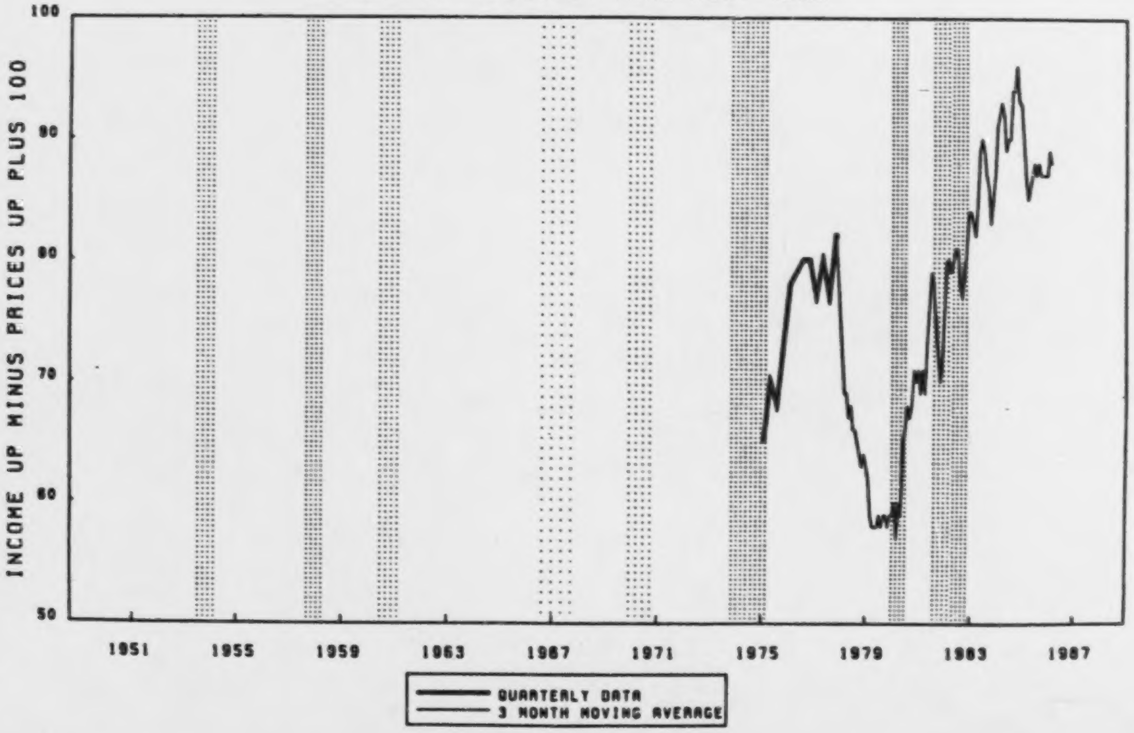


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
INCOME UP MORE	20%	18%	23%	22%	19%	19%	22%	22%	20%	20%	23%	21%	19%
INCOME UP SAME	40	49	42	39	48	47	40	42	43	43	42	47	43
PRICES UP MORE	38	32	32	37	30	32	35	34	35	33	33	31	35
DK,NA	2	1	3	2	3	2	3	2	2	4	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

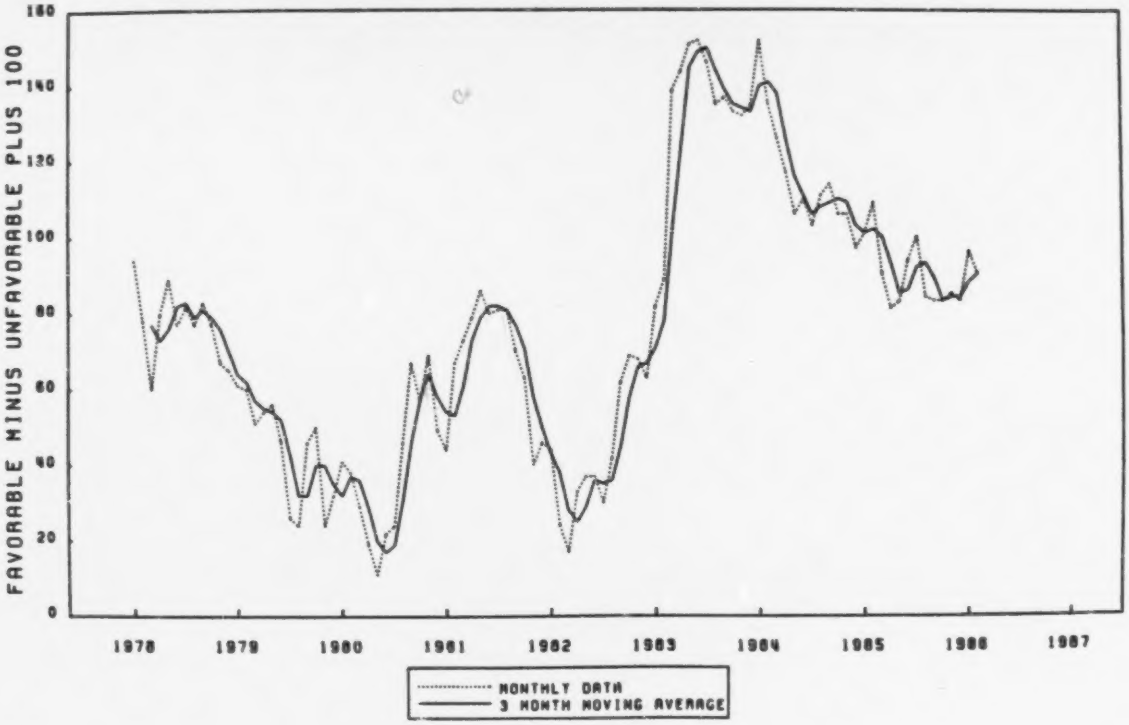


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

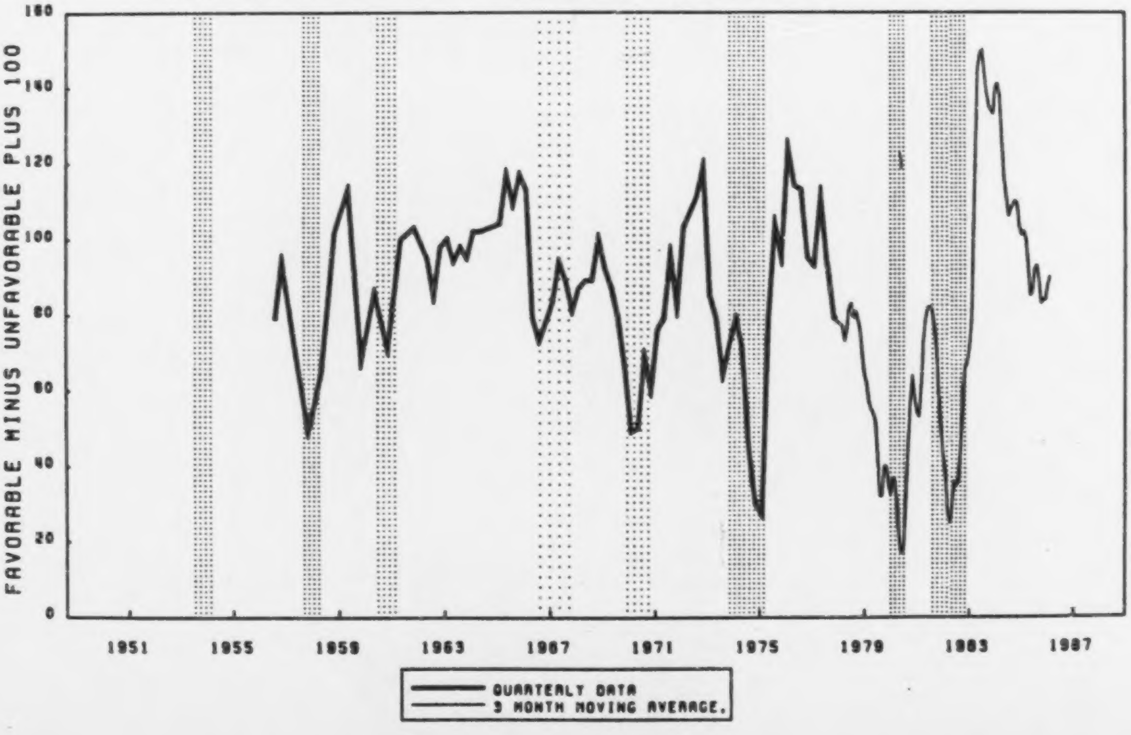


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
FAVORABLE NEWS	50%	35%	30%	30%	37%	40%	30%	31%	28%	32%	33%	37%	34%
UNFAVORABLE NEWS	41	45	49	47	43	40	46	48	45	47	50	41	44
NO MENTIONS	41	48	49	48	50	46	49	47	52	47	47	47	46

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

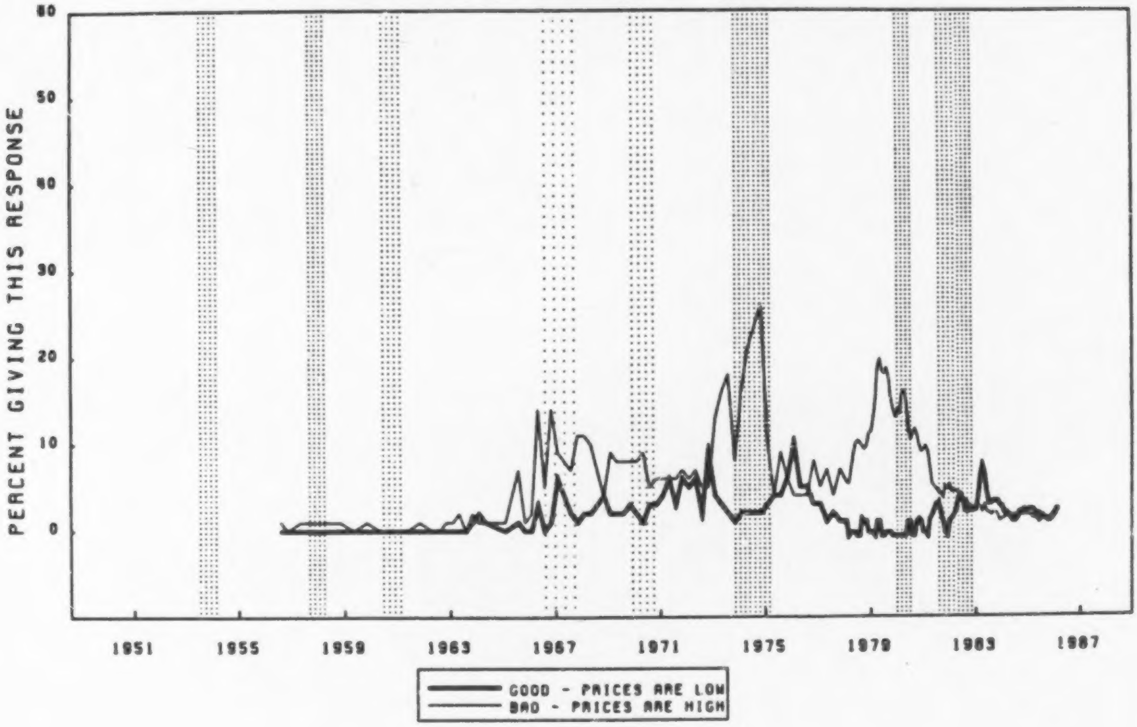


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

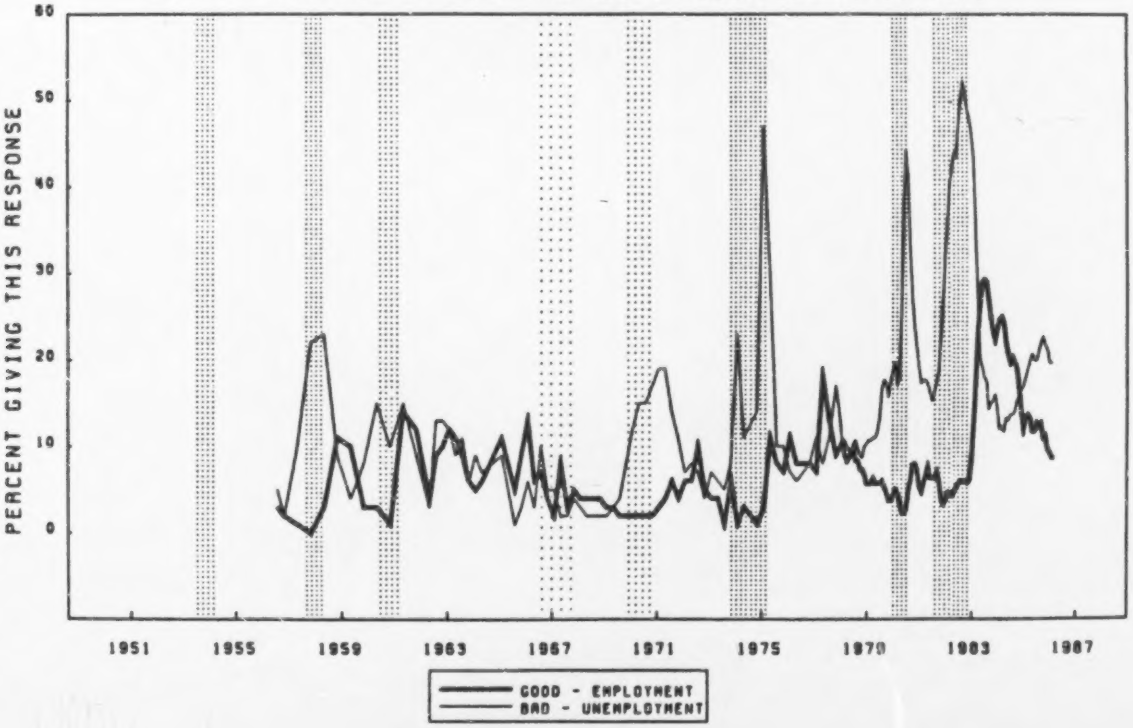


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
FAVORABLE NEWS:													
Government; elections	3%	2%	1%	2%	5%	2%	1%	1%	1%	3%	2%	2%	2%
Employment	17	12	11	12	12	14	11	13	9	12	8	8	10
Higher consumer demand	5	5	3	3	4	3	2	4	3	3	3	3	1
Lower prices	3	2	1	1	1	2	1	1	1	1	2	2	3
Easier credit	9	5	4	3	7	10	8	6	4	6	7	9	8
UNFAVORABLE NEWS:													
Government; elections	6	5	5	4	6	4	4	5	5	4	5	5	3
Unemployment	19	20	21	21	18	21	24	21	23	21	20	18	21
Lower consumer demand	3	2	3	3	3	2	3	2	1	2	5	3	1
Higher prices	2	1	2	2	2	1	2	1	1	2	2	2	1
Tighter credit	1	2	2	2	1	1	1	1	1	2	2	1	*
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

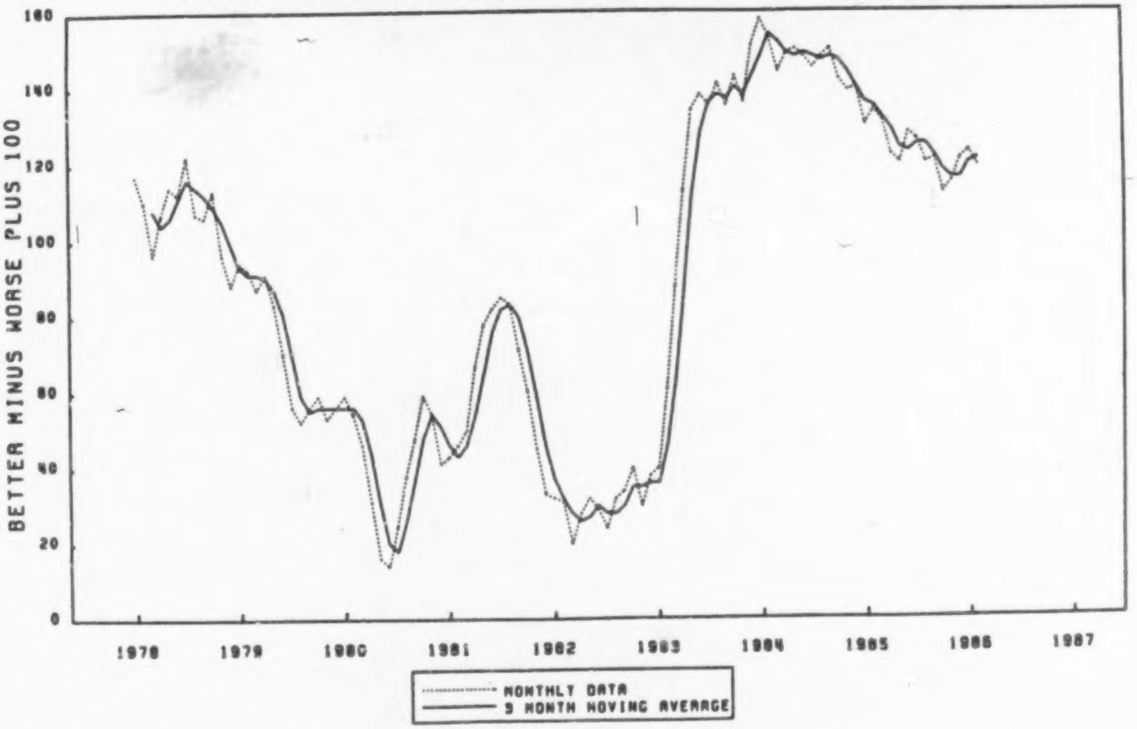


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

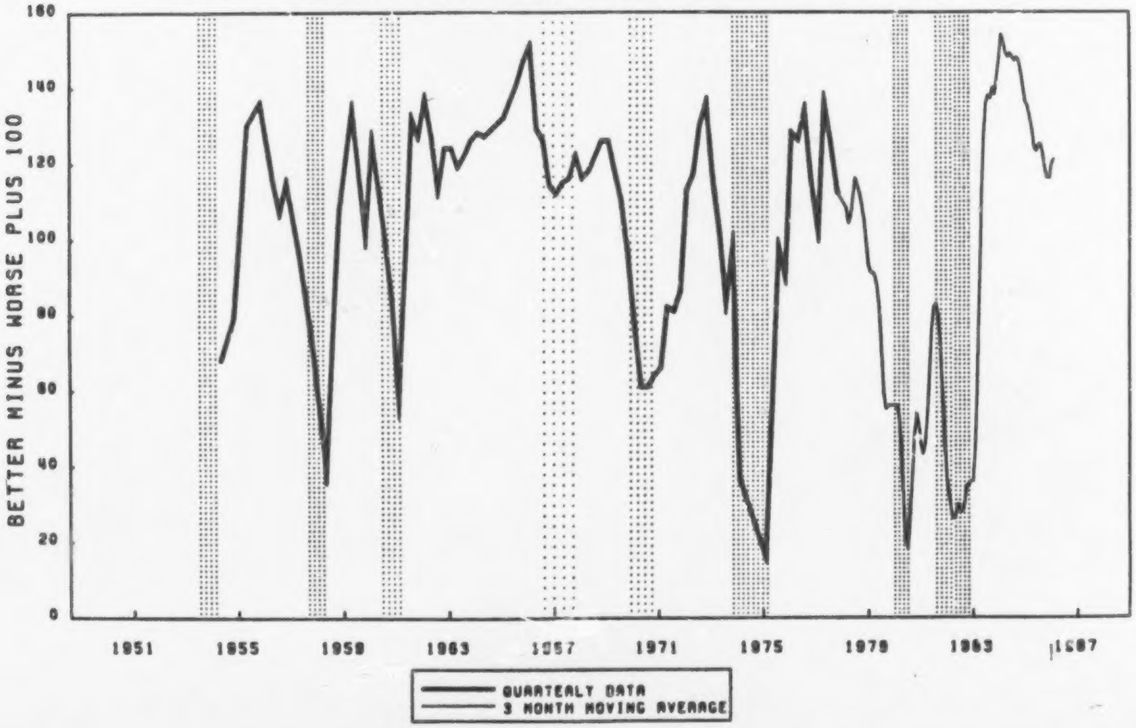


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
BETTER NOW	60%	57%	51%	53%	56%	56%	51%	52%	47%	50%	52%	52%	51%
SAME	12	15	17	13	14	13	16	14	16	12	16	17	15
WORSE NOW	26	26	29	33	28	30	31	31	35	35	31	29	32
DK,NA	2	2	3	1	2	1	2	3	2	3	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

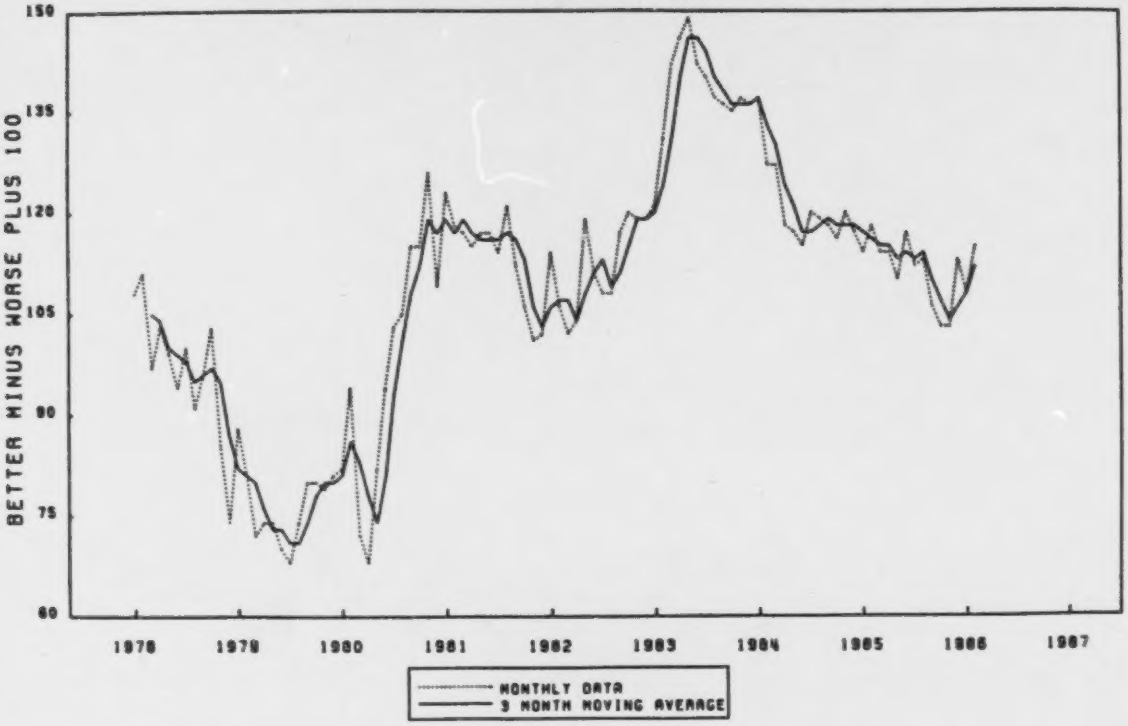


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

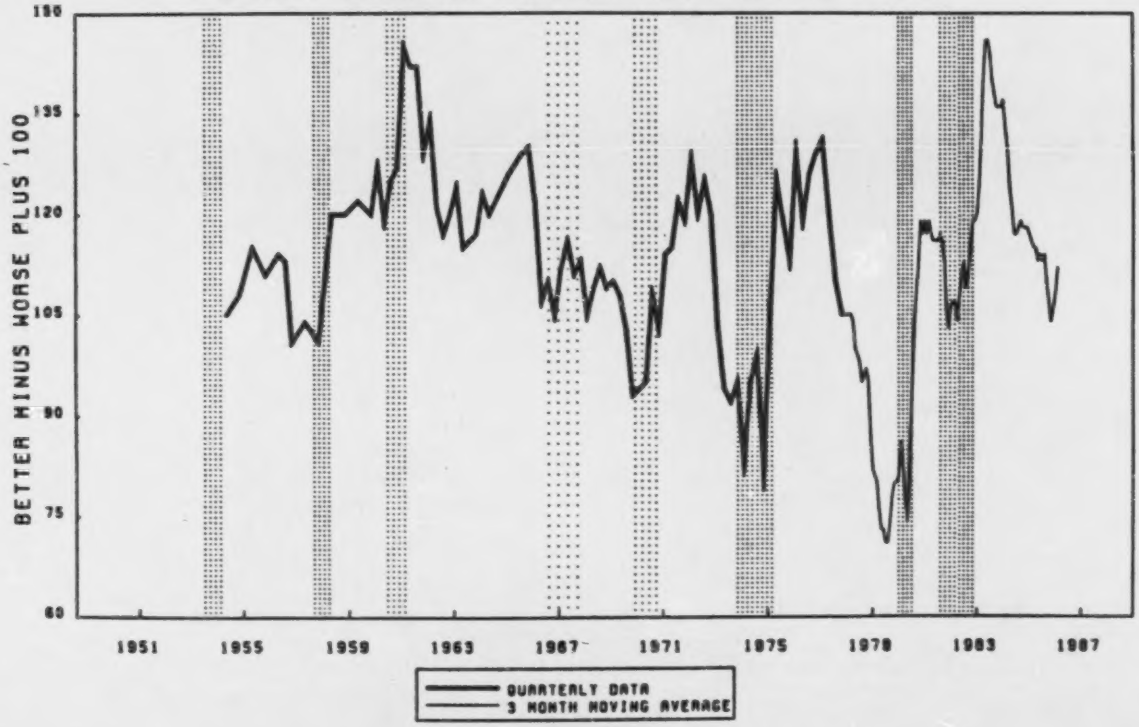


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
BETTER	33%	29%	29%	27%	29%	26%	27%	23%	23%	21%	27%	24%	27%
SAME	50	53	53	54	57	57	57	58	54	59	58	58	59
WORSE	15	15	15	17	12	14	14	17	20	18	14	16	12
DK,NA	2	3	3	2	2	3	2	2	3	2	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

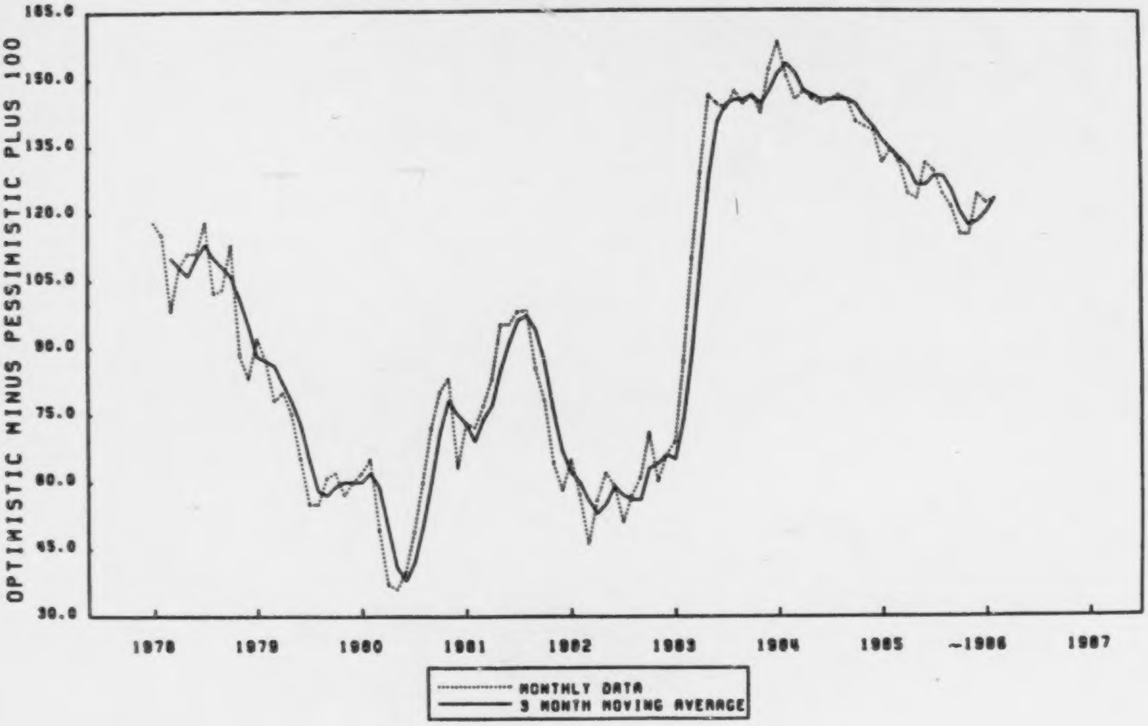


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

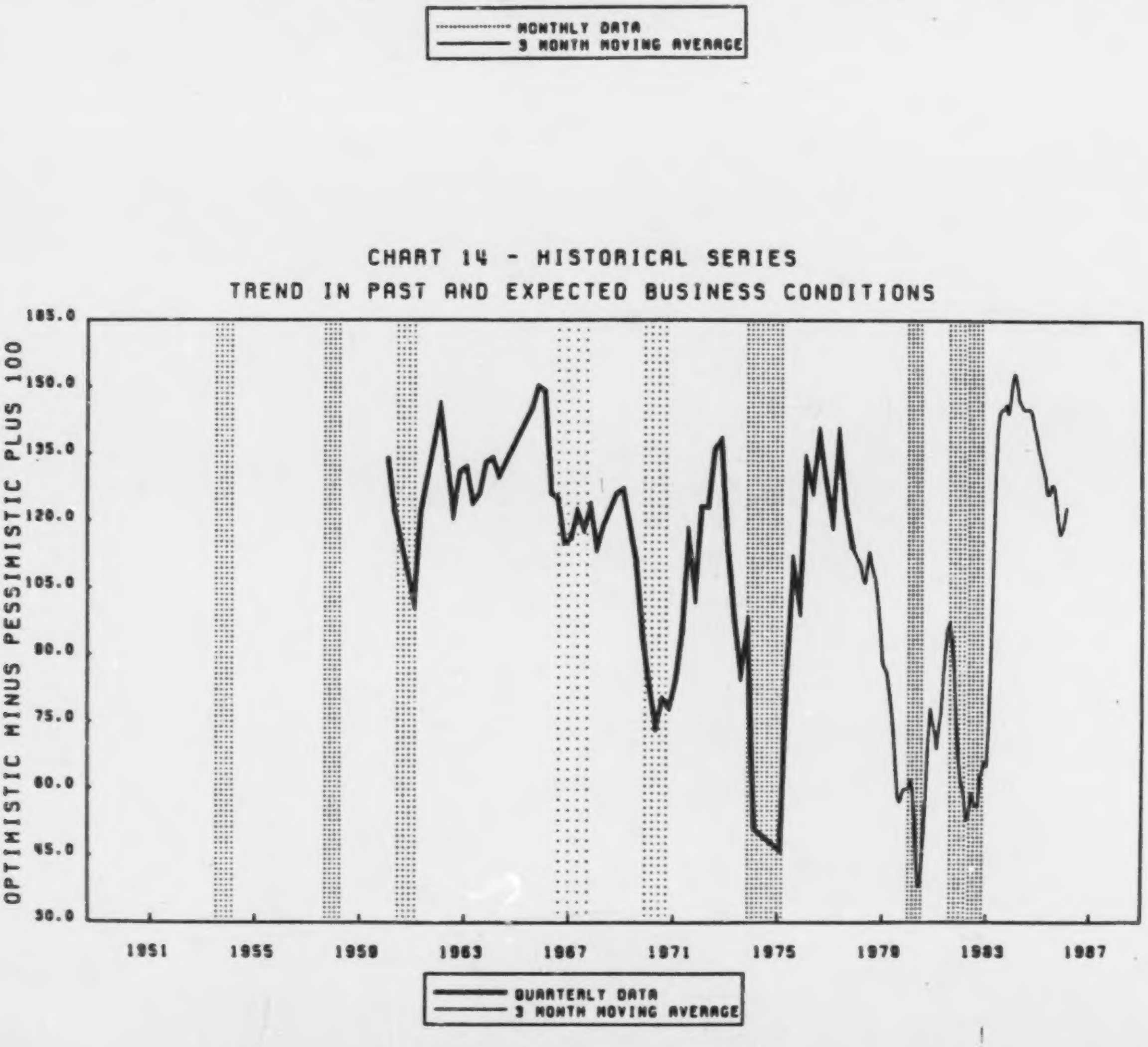


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
TREND:													
Continuous increase (a)	26%	22%	21%	18%	22%	19%	19%	16%	16%	14%	19%	16%	19%
Intermittant increase (b)	31	33	29	34	34	36	33	34	31	34	33	33	33
Remain unchanged (c)	7	9	11	8	9	9	10	9	10	8	10	11	10
Intermittant decline (d)	15	15	18	18	17	16	18	19	18	21	19	19	20
Continuous decline (e)	8	9	8	11	8	10	10	10	14	12	9	8	9
Mixed change (f)	9	8	8	8	6	6	7	8	7	7	7	10	6
DK,NA	4	4	5	3	4	4	3	4	4	4	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

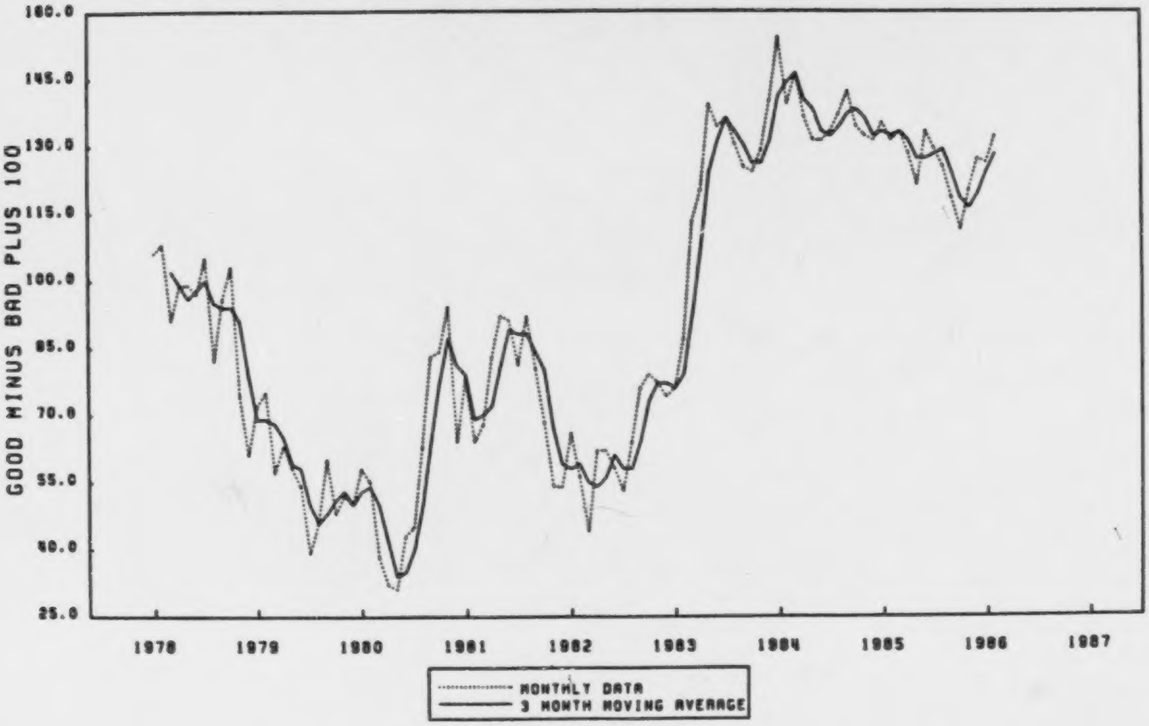


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

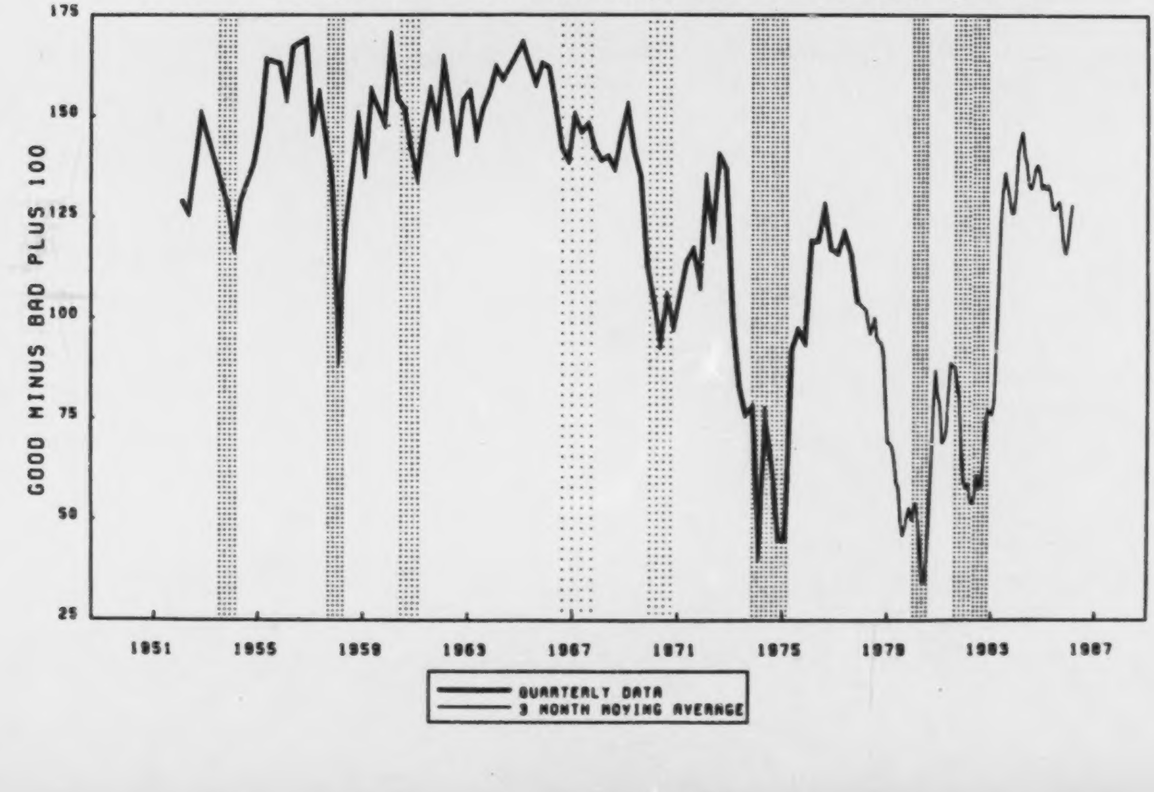


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIMES	62%	62%	58%	55%	59%	58%	57%	52%	49%	53%	57%	58%	61%
UNCERTAIN; GOOD & BAD	2	2	3	1	3	3	4	4	3	4	4	3	2
BAD TIMES	31	29	30	34	26	29	32	34	38	33	30	32	29
DON'T KNOW	3	5	6	6	5	7	4	8	5	6	7	5	4
NOT ASCERTAINED	2	2	3	4	7	3	3	2	5	4	2	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

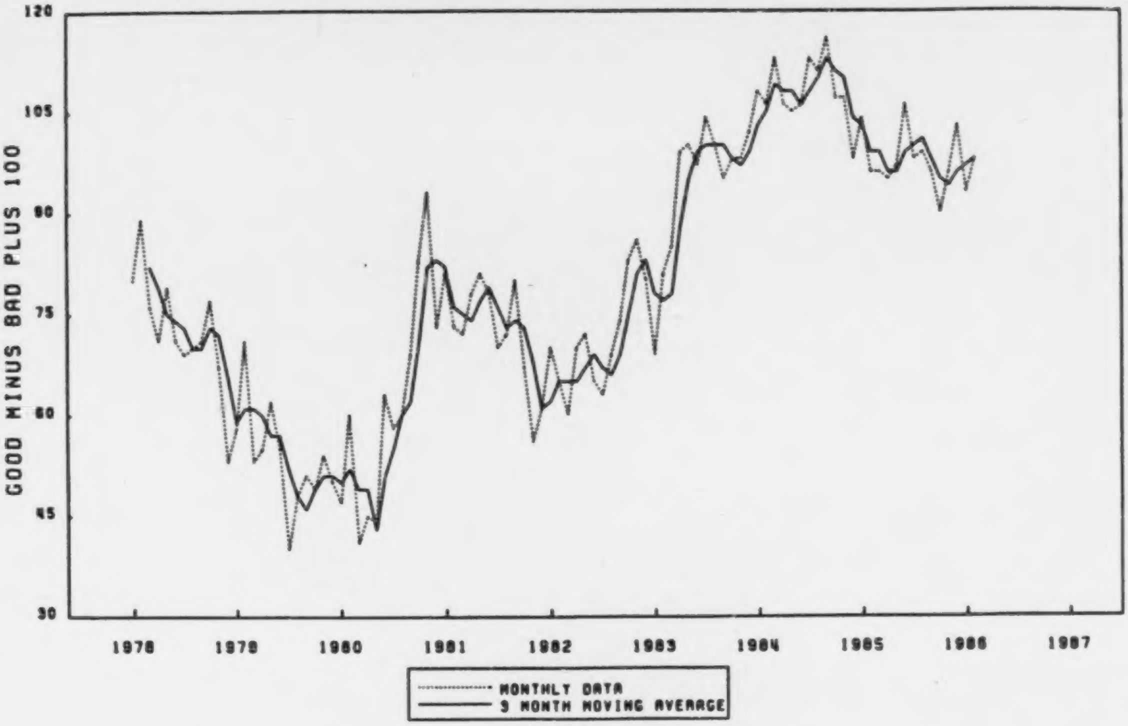


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

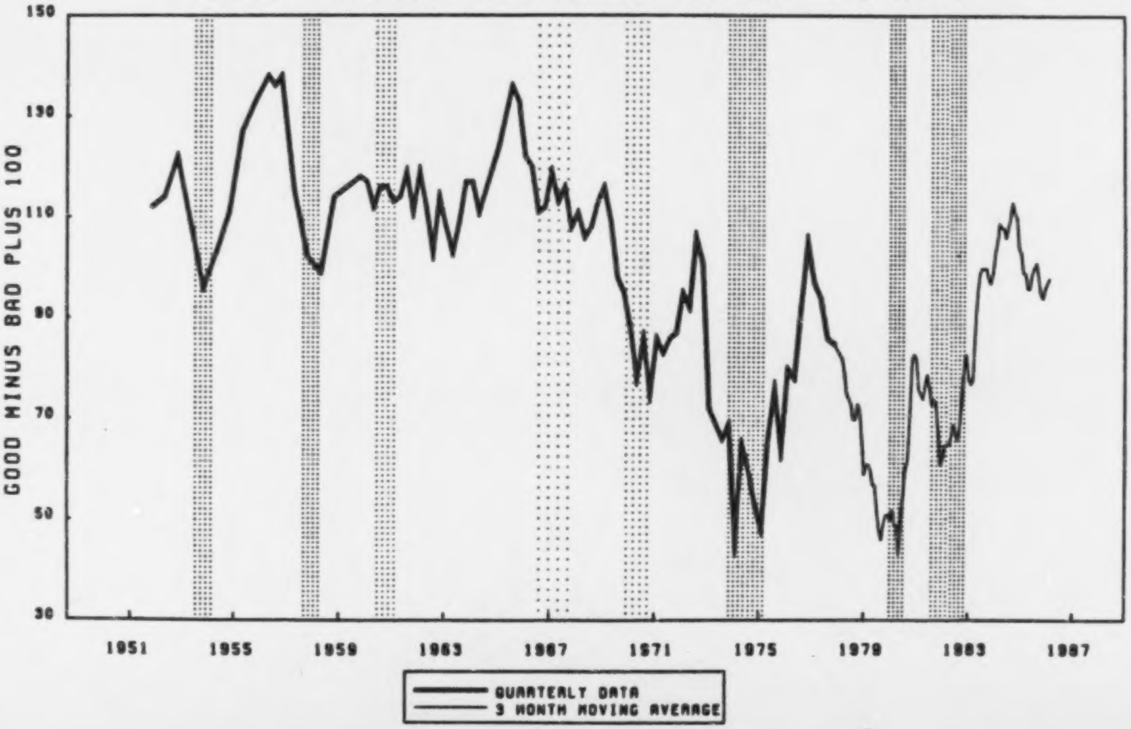


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIMES	41%	40%	39%	40%	43%	41%	41%	38%	35%	38%	40%	39%	42%
UNCERTAIN; GOOD & BAD	11	13	14	14	17	13	14	16	15	14	17	12	11
BAD TIMES	45	44	44	43	37	43	42	42	45	42	37	46	44
NOT ASCERTAINED	3	3	3	3	3	3	3	4	5	6	6	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

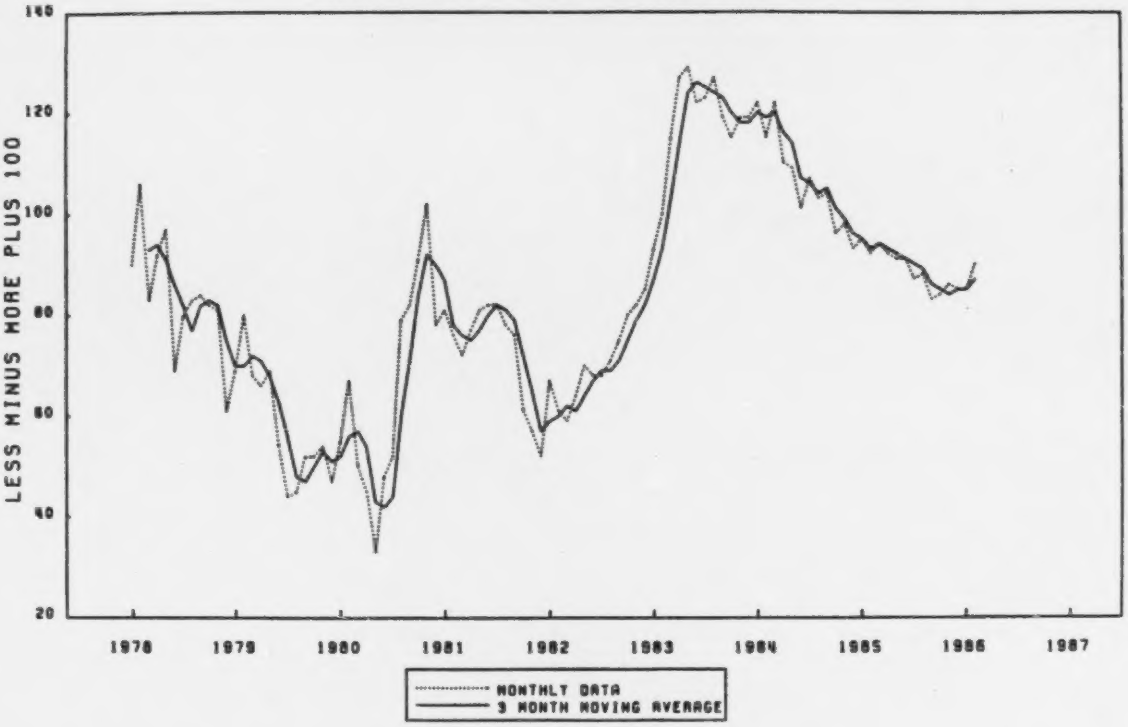


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

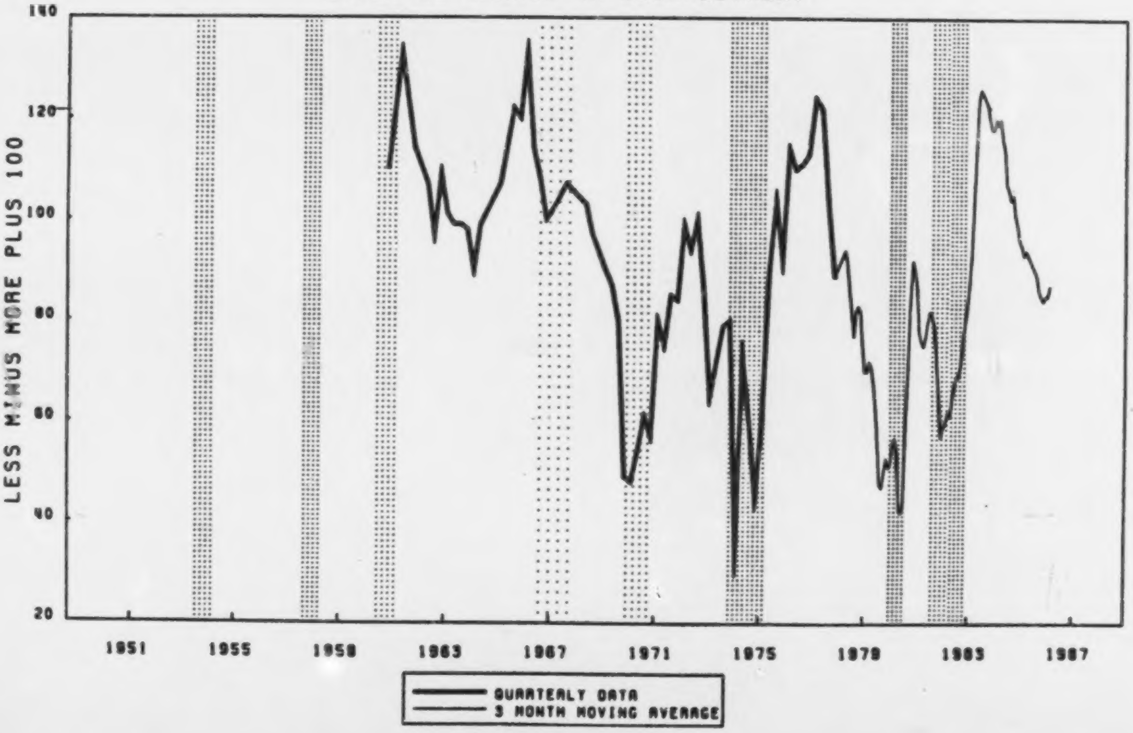


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
LESS	20%	23%	20%	19%	16%	14%	17%	14%	16%	15%	15%	15%	19%
SAME	50	47	50	52	58	58	52	53	51	54	54	54	51
MORE	28	29	28	28	25	27	29	31	32	29	30	30	29
DK.,NA	2	1	2	1	1	1	2	2	1	2	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

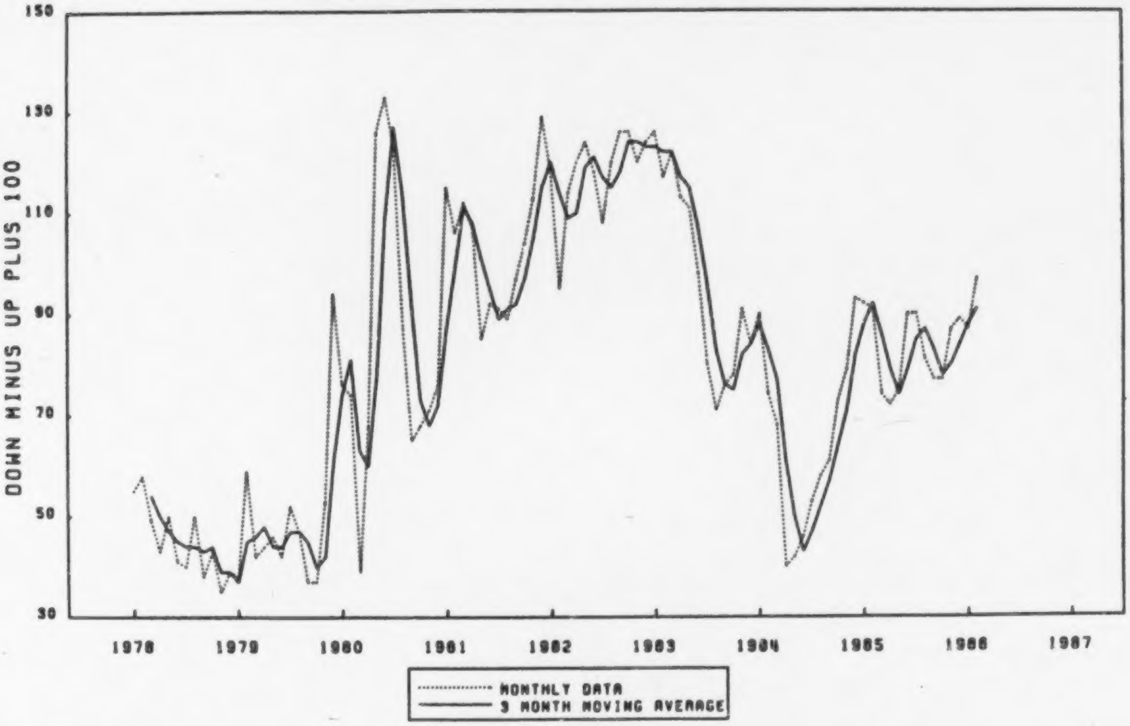


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

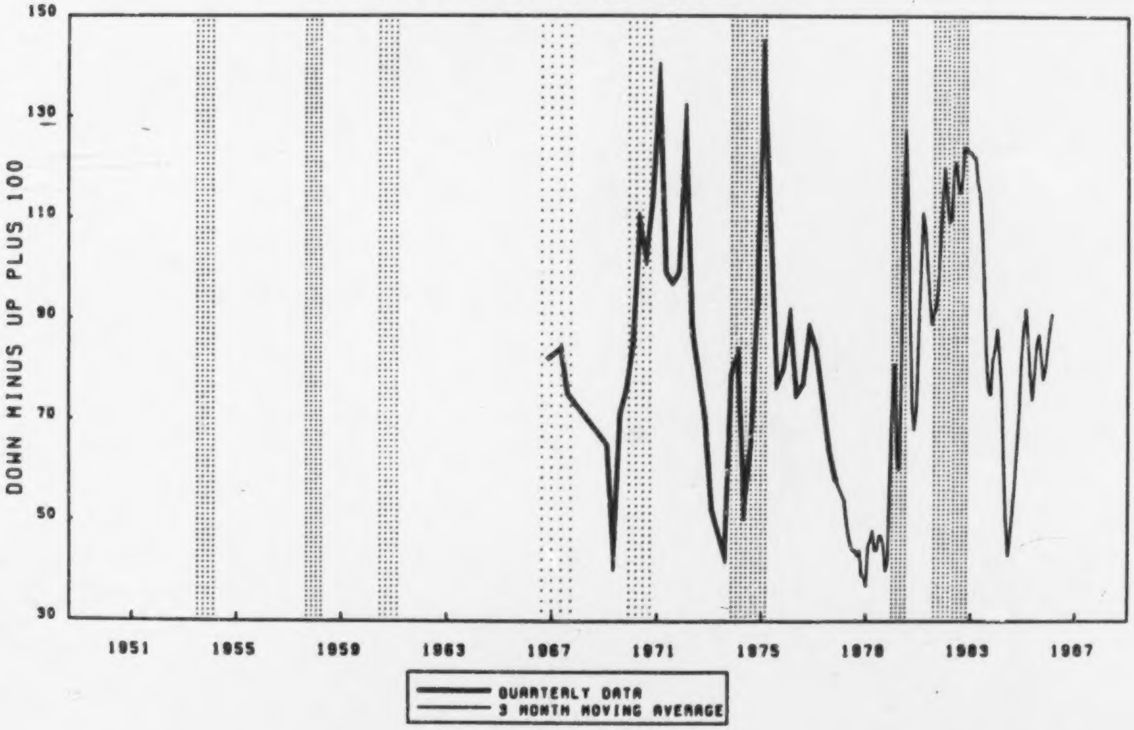


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GO UP	35%	45%	47%	44%	36%	35%	41%	43%	44%	36%	36%	38%	30%
STAY THE SAME	37	32	31	34	36	38	35	34	33	37	37	34	40
GO DOWN	26	19	19	19	26	25	22	20	21	23	25	25	27
DK,NA	2	4	3	3	2	2	2	3	2	4	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

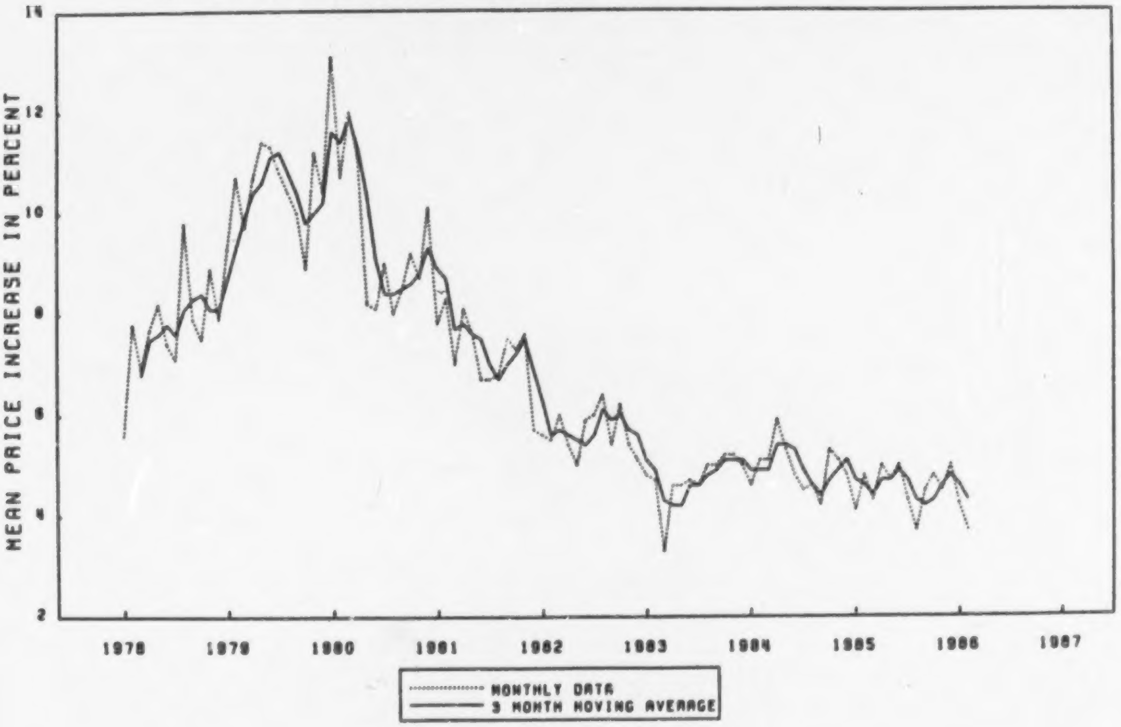


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

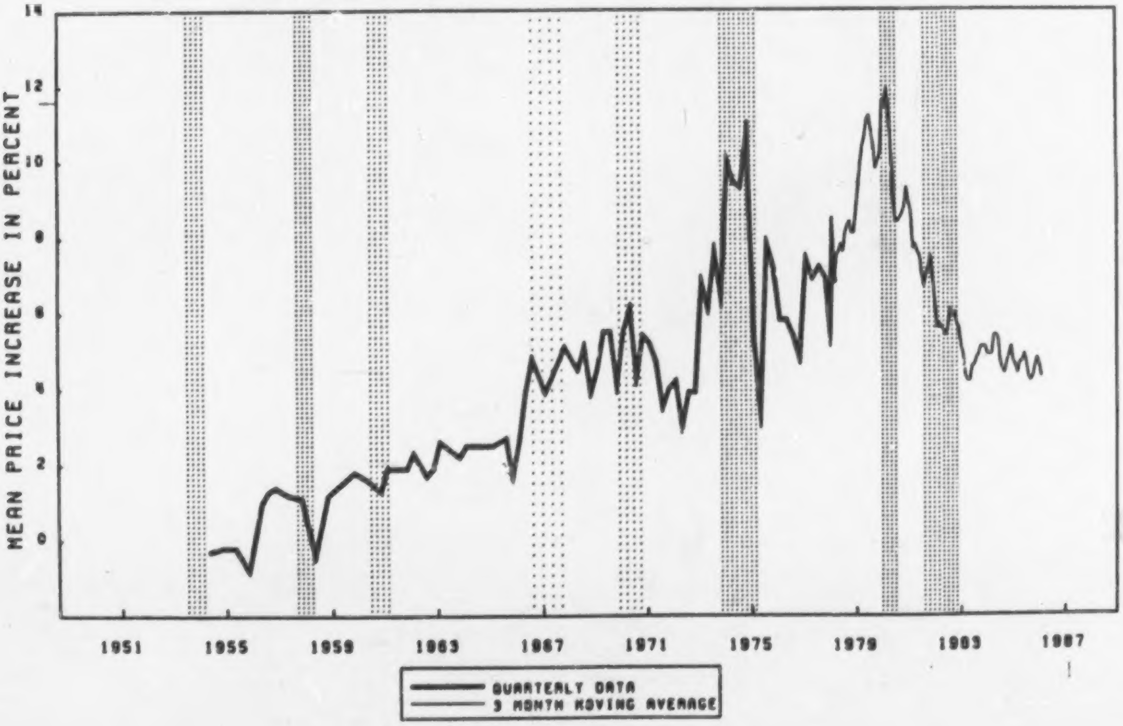


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
SAME OR DOWN	25%	26%	22%	20%	19%	24%	26%	26%	23%	25%	21%	24%	28%
WILL GO UP BY:													
1-2%	14	15	13	17	16	19	18	18	13	14	11	16	16
3-4%	19	19	20	20	21	20	21	17	21	20	22	24	19
5%	15	15	16	20	19	14	16	14	15	16	18	14	17
6-9%	6	6	8	6	6	8	6	6	6	6	6	6	6
10-14%	10	9	11	7	9	6	6	9	12	9	9	6	5
15% or more	6	6	6	6	6	4	4	5	5	5	7	5	3
DK how much up	4	4	3	2	2	4	2	3	4	3	5	4	4
DK,NA	1	*	1	2	2	1	1	2	1	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.8	4.3	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7
VARIANCE	51	34	44	46	51	49	21	46	41	42	43	47	38
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

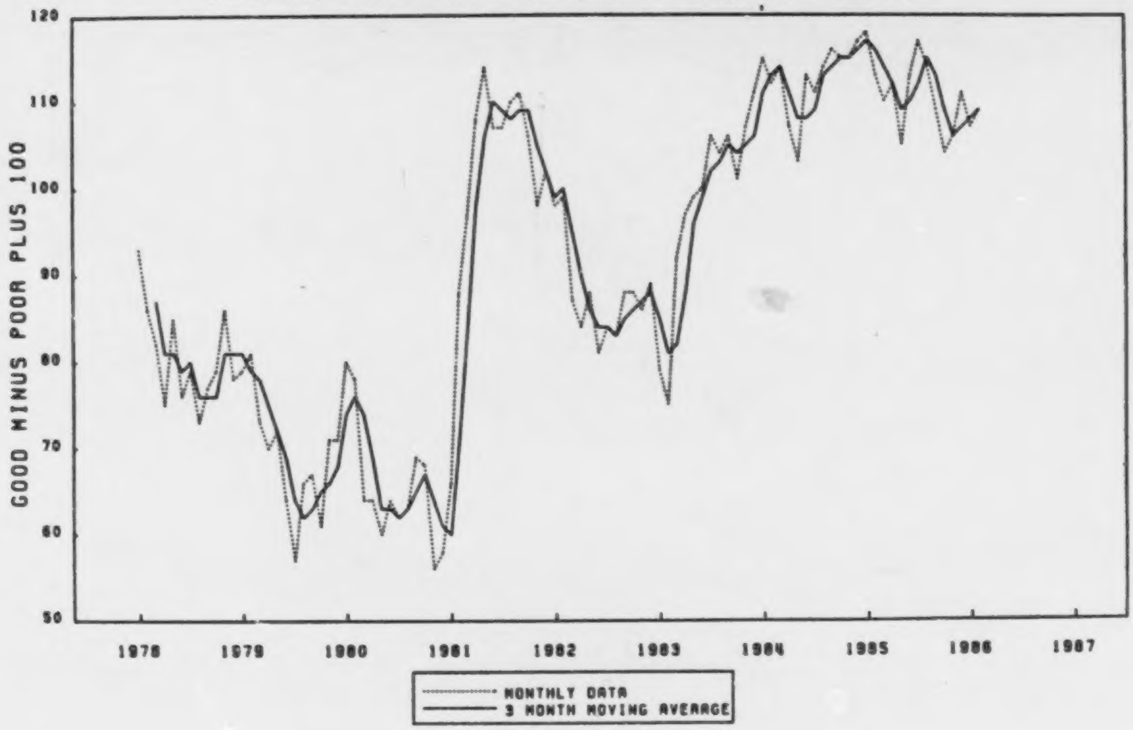


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

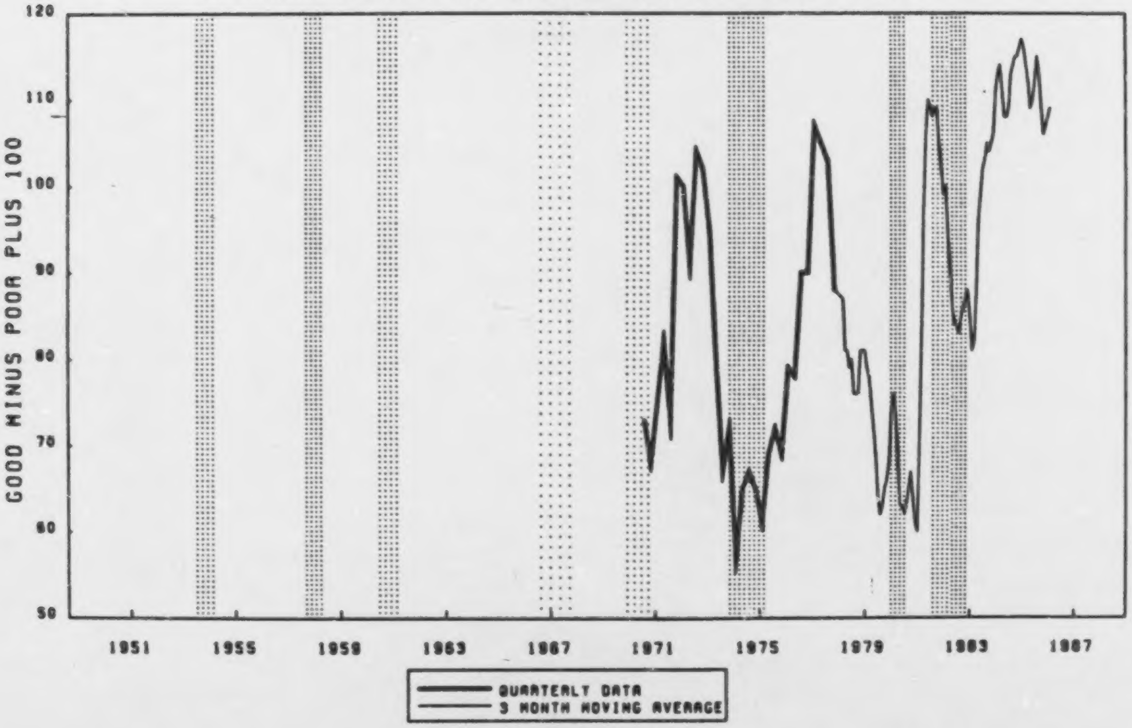


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
A GOOD JOB	33%	32%	30%	26%	29%	31%	29%	29%	25%	28%	28%	27%	29%
ONLY FAIR	46	43	50	51	53	52	53	49	50	48	53	52	48
A POOR JOB	20	22	18	21	16	14	15	20	21	22	17	20	20
DK,NA	1	3	2	2	2	3	3	2	4	2	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

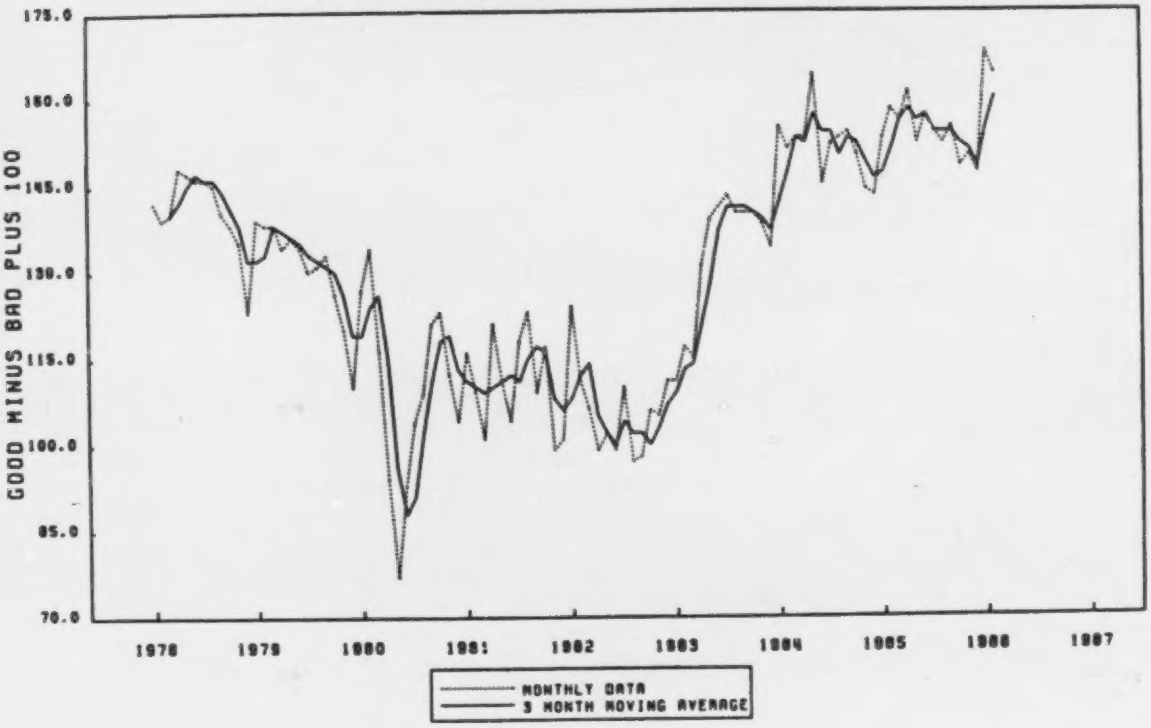


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

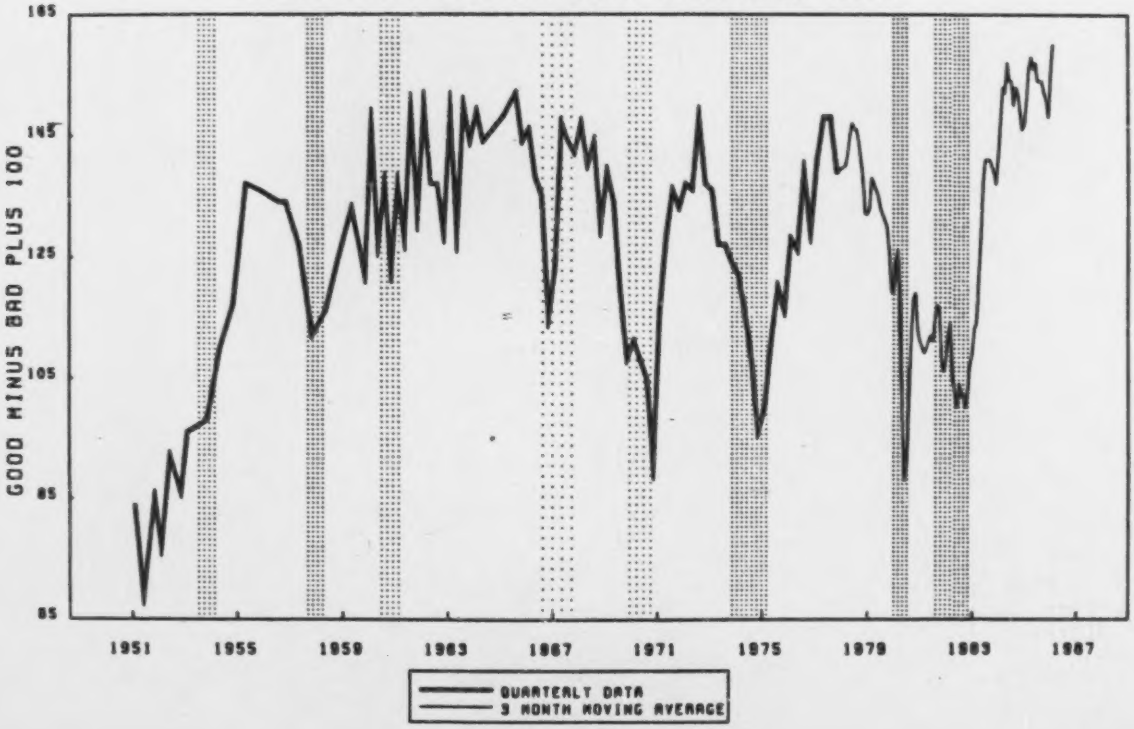


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY	75%	74%	77%	72%	74%	74%	69%	73%	69%	70%	69%	80%	78%
UNCERTAIN, DEPENDS	8	8	7	8	9	6	14	9	10	10	9	8	8
BAD TIME TO BUY	17	18	16	20	17	20	17	18	21	20	22	12	14
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

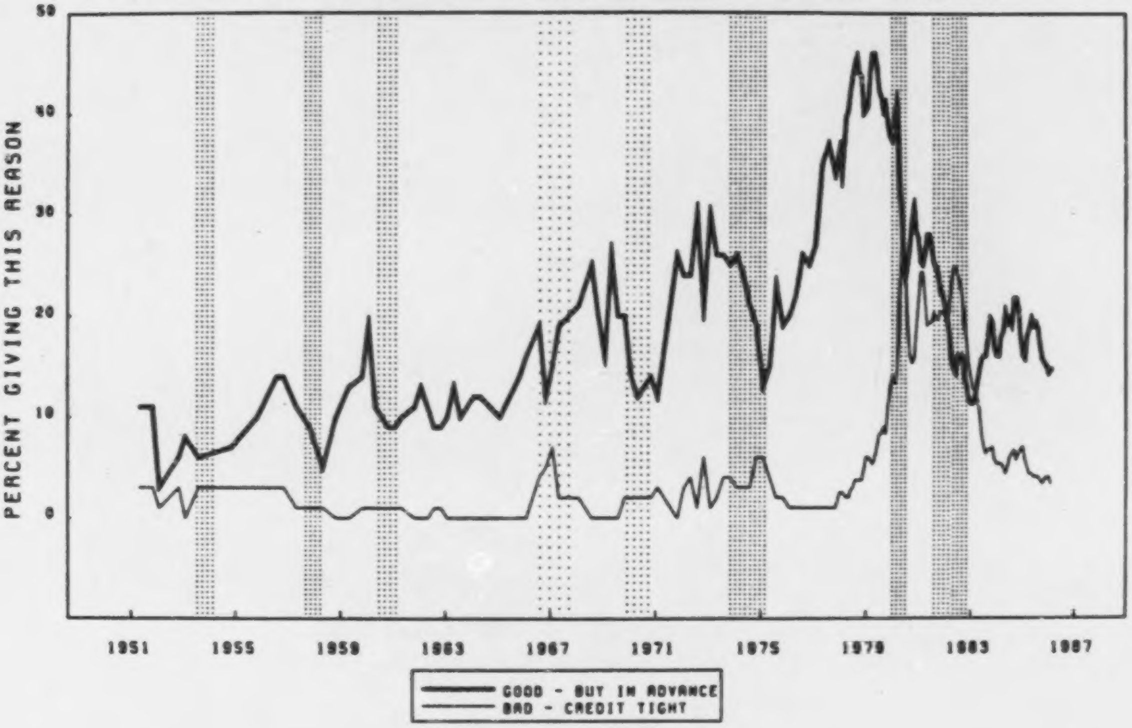


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

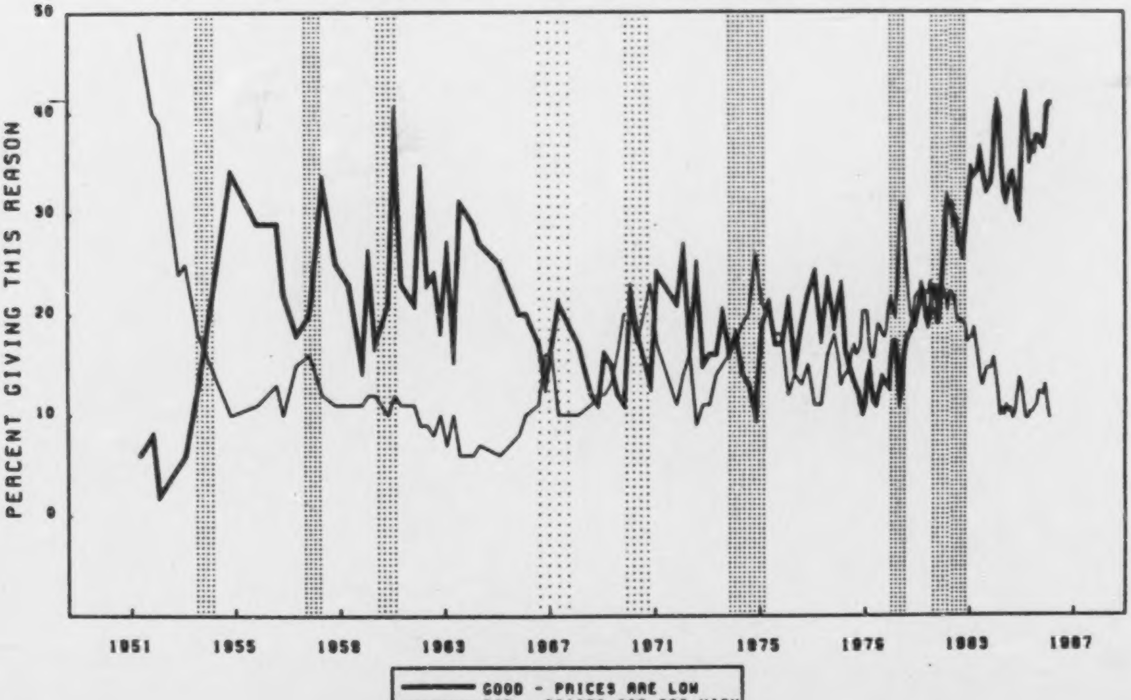


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	43%	36%	37%	34%	39%	36%	38%	39%	34%	37%	42%	43%	38%
Prices won't come down; are going higher	16	22	18	19	20	19	17	15	15	16	14	13	17
Interest rates low; credit is easy	11	10	13	11	13	14	15	14	15	12	12	18	20
BAD TIME TO BUY:													
Prices are high	9	10	10	11	10	11	12	14	11	11	17	5	7
Interest rates are high; credit is tight	4	5	4	4	4	4	4	3	3	5	4	3	3
Lack of purchasing power	6	7	6	9	7	6	5	6	8	7	5	6	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

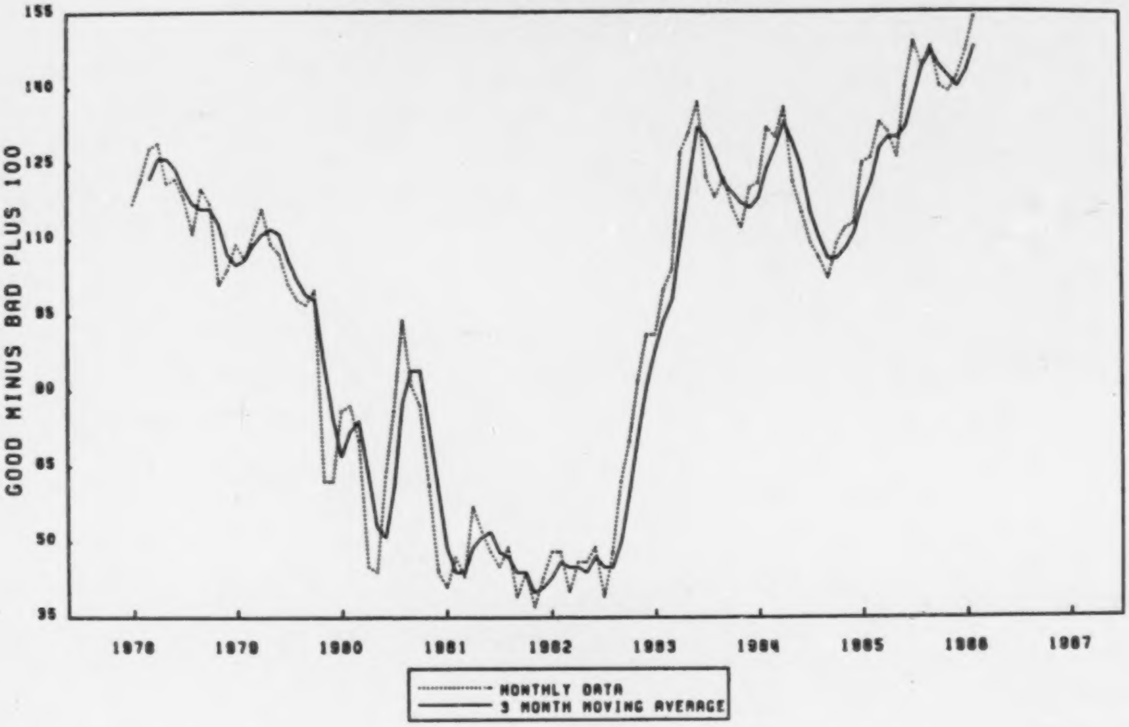


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

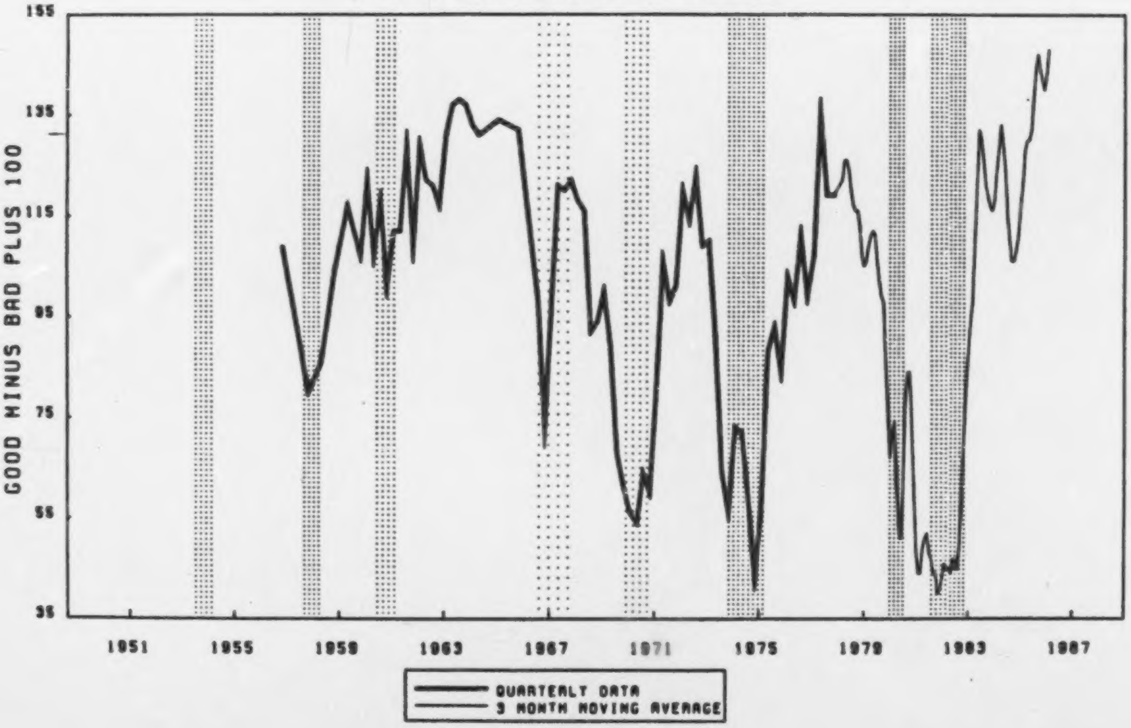


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY	61%	64%	64%	61%	67%	73%	69%	72%	68%	67%	68%	72%	76%
UNCERTAIN, DEPENDS	4	5	3	4	6	3	6	4	4	5	6	3	2
BAD TIME TO BUY	35	31	33	35	27	24	25	24	28	28	26	25	22
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

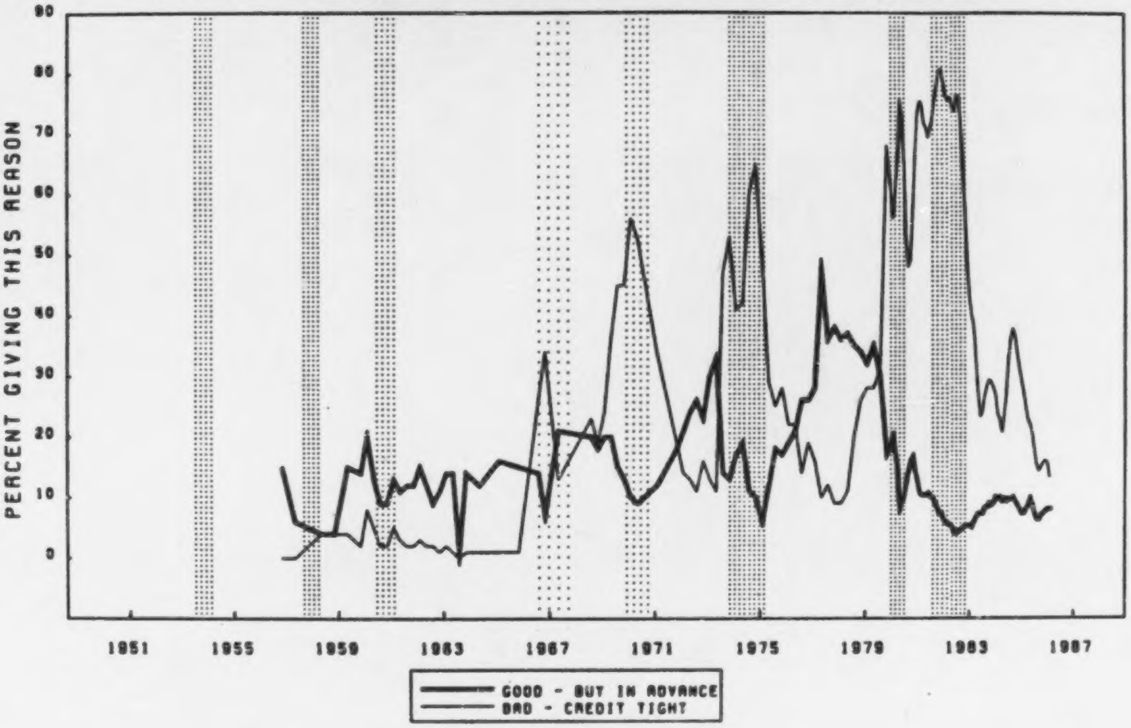


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

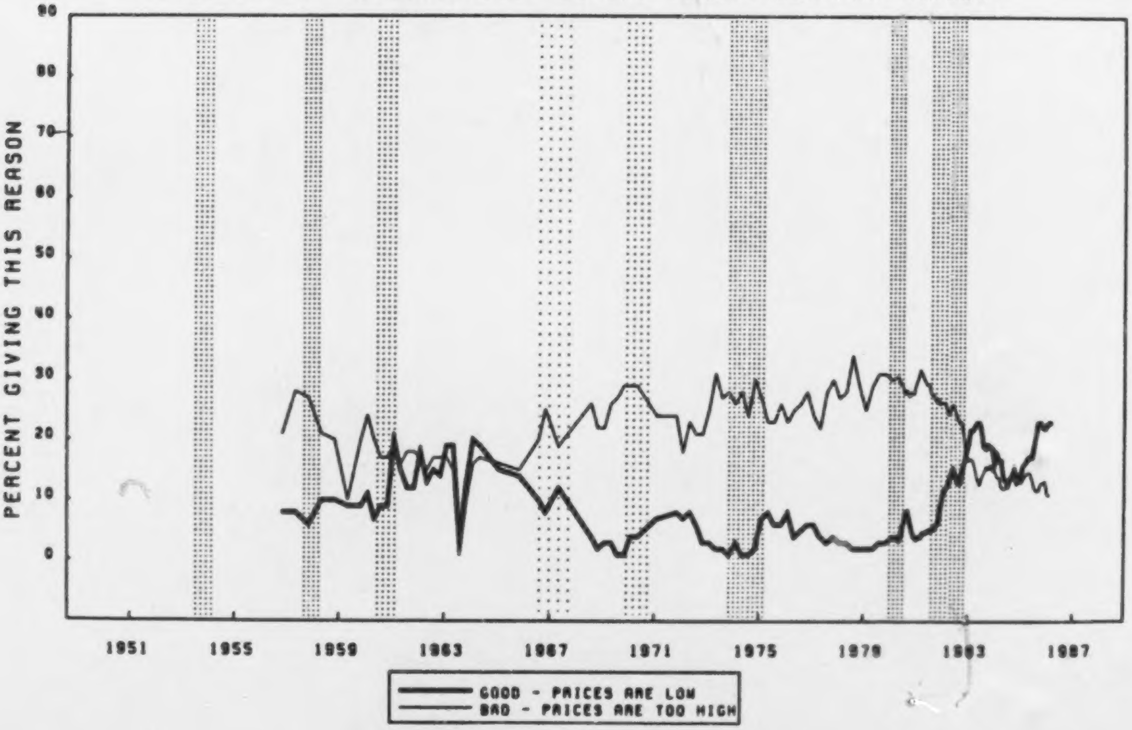


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	16%	18%	17%	17%	18%	22%	23%	24%	22%	21%	23%	24%	22%
Prices won't come down; are going higher	7	10	9	10	7	5	7	7	7	8	8	8	8
Interest rates low; credit is easy	50	48	47	43	56	57	58	56	55	52	53	60	64
Good investment	6	7	6	6	6	5	7	4	6	4	5	6	4
BAD TIME TO BUY:													
Prices are high	14	15	15	14	12	11	12	12	15	12	13	8	12
Interest rates are high; credit is tight	25	22	21	23	17	13	16	14	15	18	15	14	11
Lack of purchasing power	11	9	12	16	9	11	9	9	10	10	6	10	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

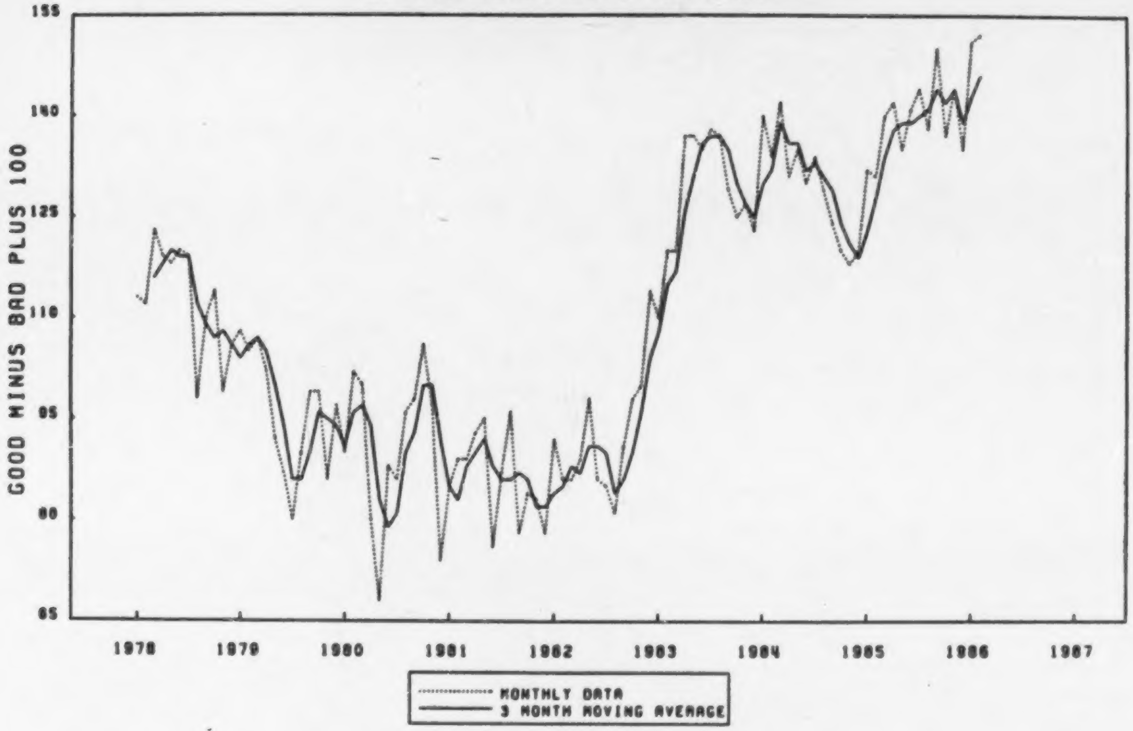


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

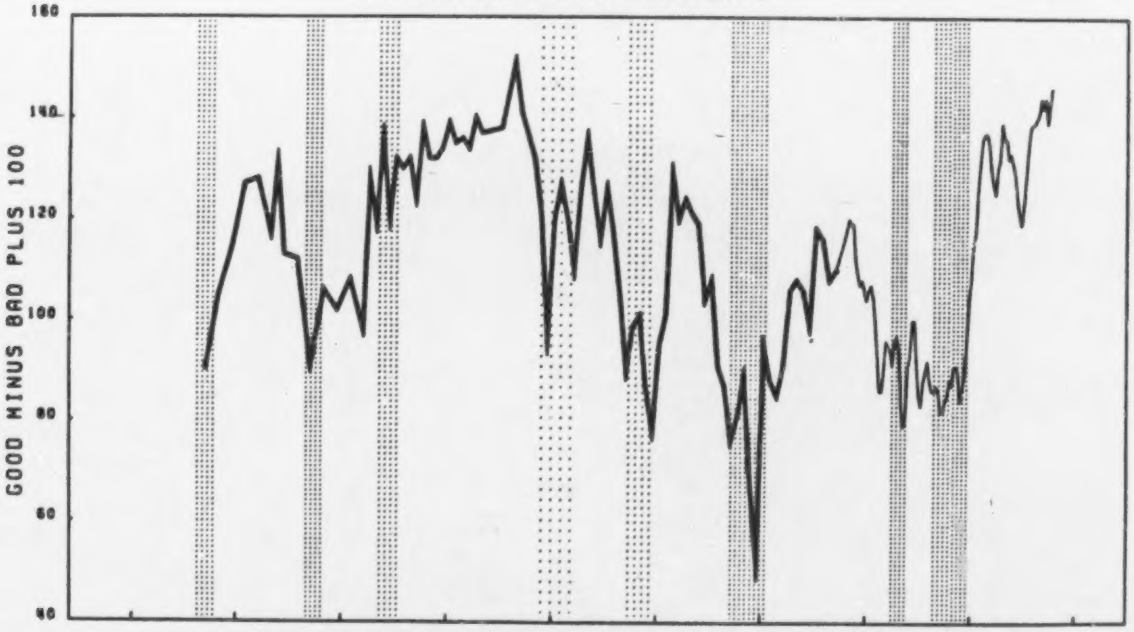


TABLE 25

BUYING CONDITIONS FOR CARS

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY	61%	67%	68%	65%	67%	67%	64%	72%	65%	68%	63%	71%	73%
UNCERTAIN; DEPENDS	9	6	6	5	7	10	10	6	7	8	9	9	6
BAD TIME TO BUY	30	27	26	30	26	23	26	22	28	24	28	20	21
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	655	653	675	661	652	641	650	654	652	651	652	656	656

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

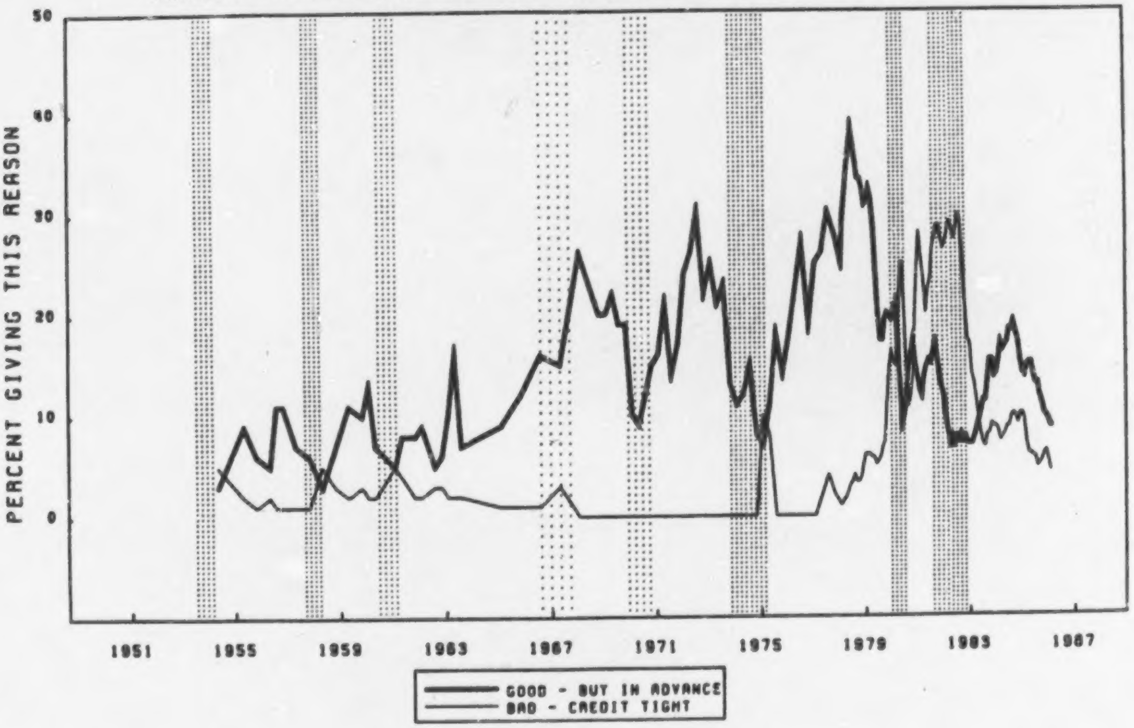


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

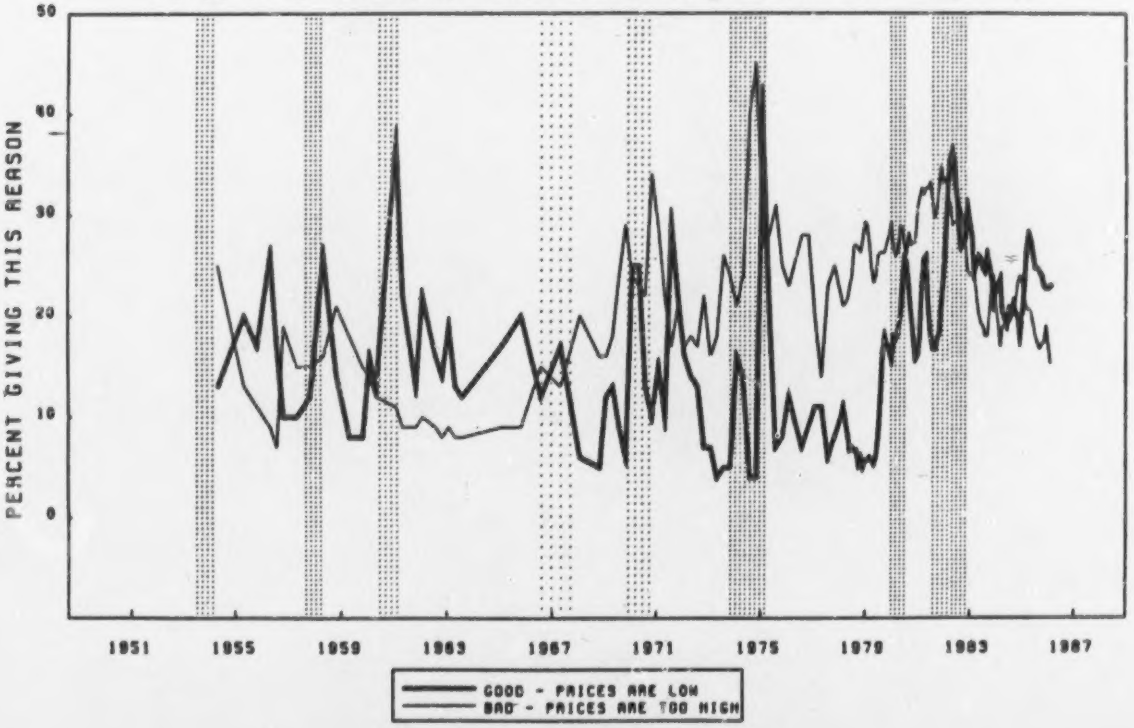


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Feb. 1985	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	26%	30%	28%	24%	26%	24%	24%	25%	23%	21%	24%	23%	22%
Prices won't come down; are going higher	14	17	14	14	13	12	14	9	10	11	8	9	9
Interest rates low; credit is easy	24	23	25	28	35	35	36	46	41	40	37	51	53
New fuel efficient models	1	1	1	1	1	1	1	1	1	2	1	*	1
BAD TIME TO BUY:													
Prices are high	21	20	21	20	17	17	18	15	19	18	20	13	13
Interest rates are high; credit is tight	8	5	5	8	4	5	5	5	6	7	6	3	4
Lack of purchasing power	6	6	4	6	6	6	4	4	6	4	4	5	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	3	4	3	4	3	4	3	3	1	4	4	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

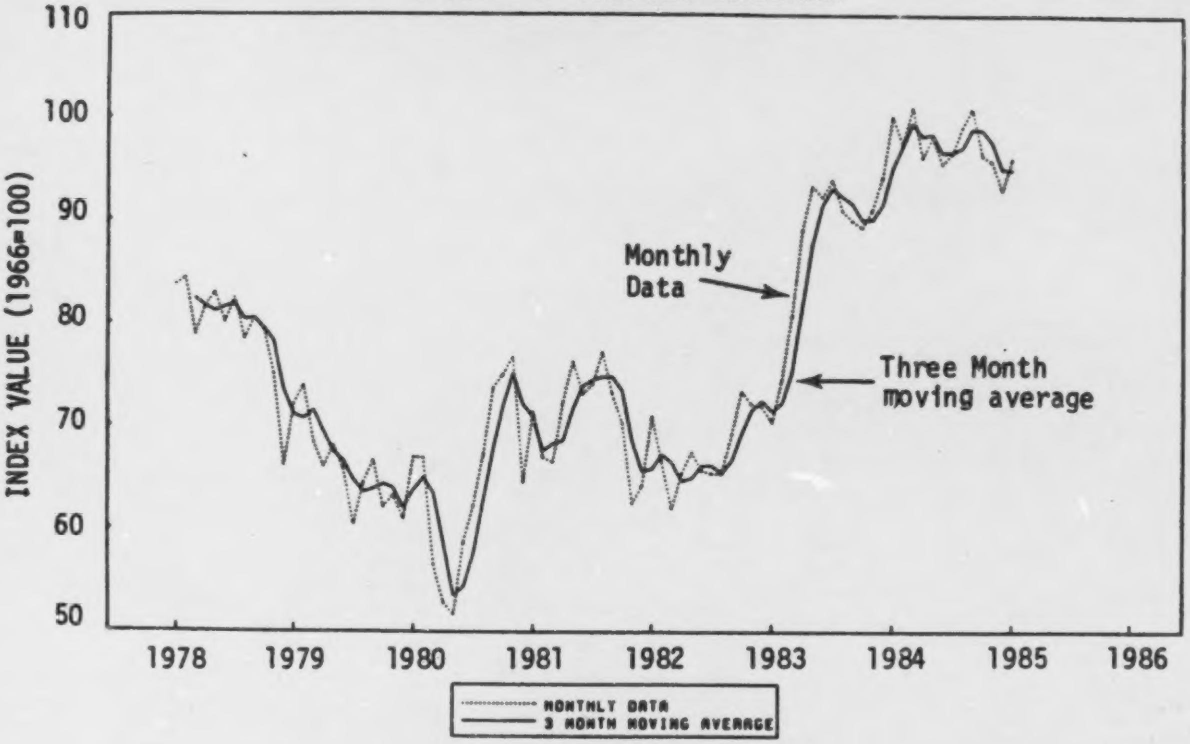
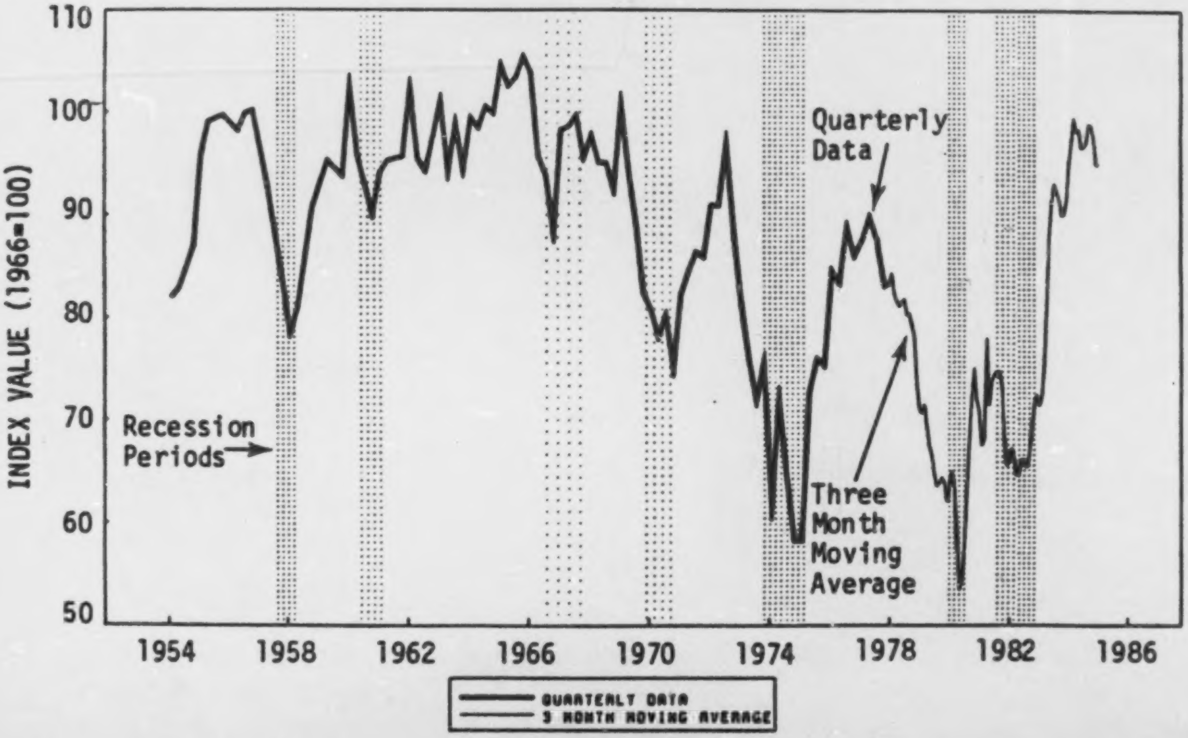


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	-	October	1949
	July	1953	-	May	1954
	August	1957	-	April	1958
	April	1960	-	February	1961
	June	1966	-	November	1967*
	December	1969	-	November	1970
	November	1973	-	March	1975
	January	1980	-	July	1980
	July	1981	-	November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

March 7, 1986

FEBRUARY 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

FAVORABLE BUYING ATTITUDES REACH NEW PEAK—AGAIN

- In the February 1986 survey, the Index of Consumer Sentiment was 95.9, essentially unchanged from the 95.6 recorded in January, and just above the 93.7 recorded in February 1985.

- Among families with incomes of $25,000 or more, the Index stood at 104.3 in the February 1986 survey, just above the 103.9 recorded in January, but below the year earlier reading of 107.4.

- Favorable assessments of buying conditions for homes and vehicles reached new record levels in the February 1986 survey. This marks the third consecutive year that increasingly higher peaks have been recorded. Reductions in mortgage interest rates and discounts on vehicle prices and finance rates have been the primary factors underlying the resurgence of favorable buying attitudes on each occasion.

- Favorable home buying attitudes were held by 76 percent of all families in the February 1986 survey, above the prior record of 73 percent recorded just seven months earlier, and significantly above the 61 percent recorded twelve months earlier. The availability of reduced mortgage rates was cited by 60 percent of all families in the February survey. Never before in the history of these surveys have favorable home buying attitudes been so heavily influenced by mortgage rate declines.

- Favorable attitudes toward buying conditions for vehicles were held by 73 percent of all families in the February 1986 survey, just above the prior record level of 72 percent recorded five months earlier, and above the 61 percent recorded one year earlier. Discounted finance rates on vehicle loans were cited by 51 percent of all families in the February 1986 survey, up from 45 percent in September 1985, and 23 percent in February 1985.

- Interest rates were expected to increase during the year ahead by 30 percent of all families in the February survey, down from 38 percent one month earlier, and the lowest level recorded in nearly three years. More families, however, expected interest rates to remain at their current level (40 percent), than expected declines in interest rates during the year ahead (27 percent). Consumers expected an annual inflation rate of 3.7% in the February 1986 survey, down from 4.2% in January.

- The majority of families in the February 1986 survey expected business condition in the country as a whole to remain unchanged during the year ahead (59 percent). Although an increased rate of growth was not widely expected (27 percent), few families expected an overall decline in the economy (12 percent). Because the expansion is expected to continue, even if at a reduced pace, consumers continue to favorably assess the economic outlook. Good times financially were expected to persist in the nation as a whole during the year ahead by 61 percent of all families in the February 1986 survey, just below the 62 percent recorded one year earlier.

● ● ●

The February 1986 survey indicates the continuation of the longest and highest sustained period of consumer confidence recorded since the 1960s. Favorable attitudes toward buying conditions reached new record levels in early 1986, due to price and interest rate reductions. Consumers' evaluations of their own financial situation also remained favorable in the February survey. These results indicate that consumer sales will be maintained at high levels through 1986.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

4/17/86 U7475-2

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

MARCH 1986

The March 1986 survey is the 210th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

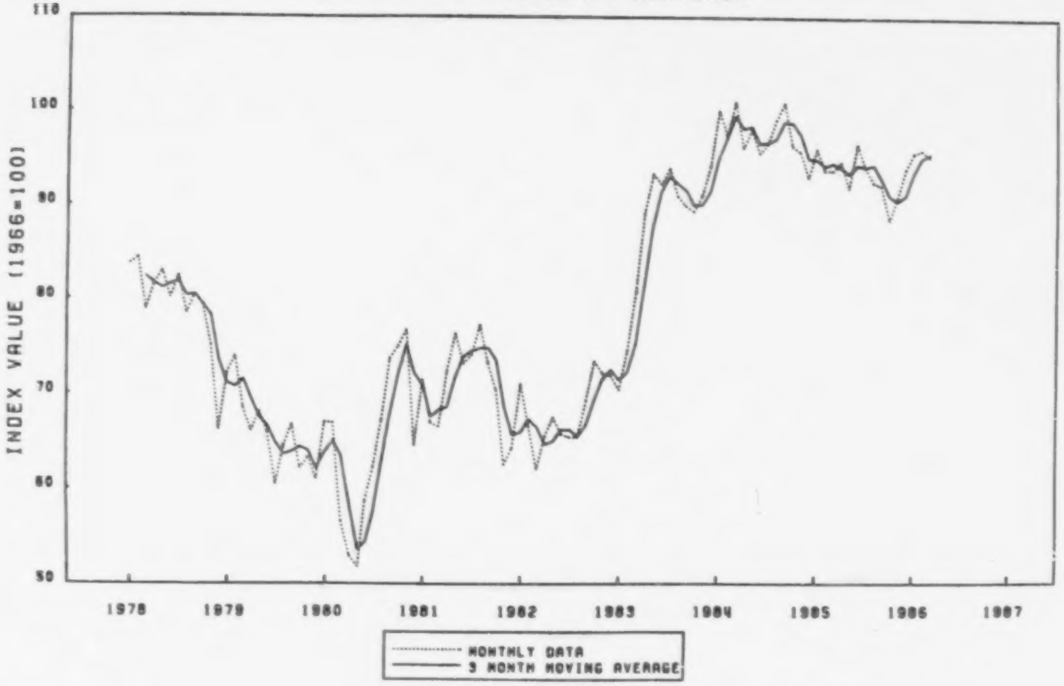


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

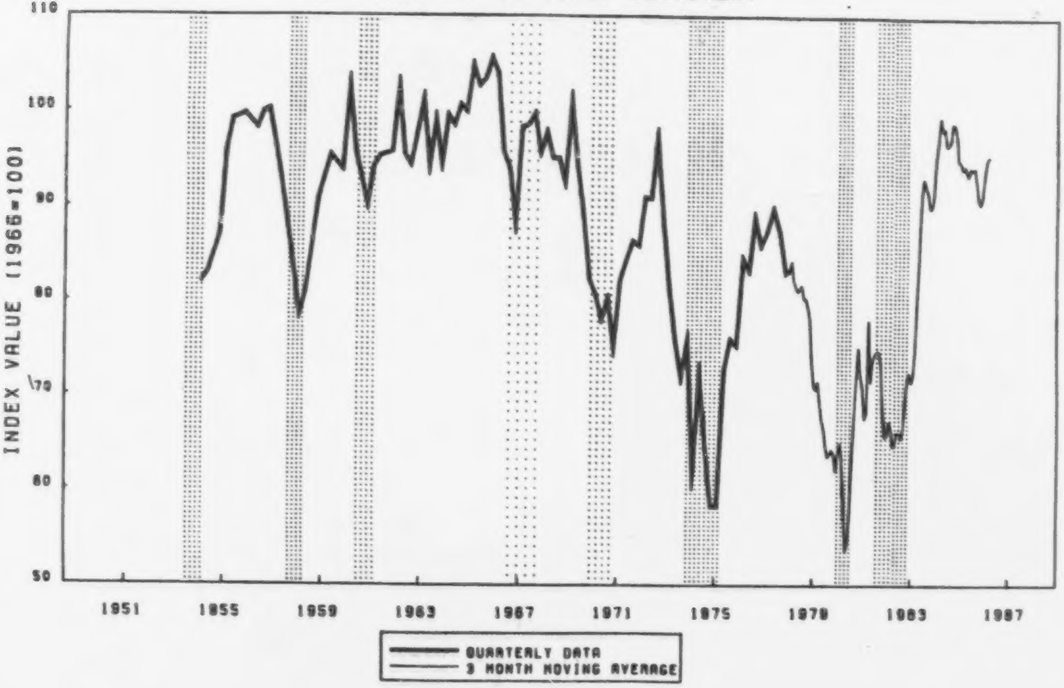


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over $20,000	Families with incomes over $25,000
March	1983	80.8	88.4	88.9
April	1983	89.1	97.1	99.0
May	1983	93.3	99.6	101.0
June	1983	92.2	101.2	102.5
July	1983	93.9	104.4	106.5
August	1983	90.9	101.2	103.5
September	1983	89.9	99.0	102.3
October	1983	89.3	99.5	101.9
November	1983	91.1	97.2	98.8
December	1983	94.2	101.7	104.5
January	1984	100.1	112.0	114.2
February	1984	97.4	109.6	111.2
March	1984	101.0	110.9	114.2
April	1984	96.1	104.9	106.5
May	1984	98.1	105.6	107.1
June	1984	95.5	104.4	104.5
July	1984	96.6	103.2	102.8
August	1984	99.1	106.7	109.2
September	1984	100.9	109.7	111.7
October	1984	96.3	106.2	107.7
November	1984	95.7	108.6	111.0
December	1984	92.9	99.2	100.1
January	1985	96.0	104.1	106.7
February	1985	93.7	105.4	107.4
March	1985	93.7	106.5	108.8
April	1985	94.6	102.8	107.9
May	1985	91.8	99.5	100.3
June	1985	96.5	101.2	104.3
July	1985	94.0	100.0	102.6
August	1985	92.4	99.4	104.1
September	1985	92.1	100.0	99.5
October	1985	88.4	96.9	99.2
November	1985	90.9	99.3	100.4
December	1985	93.9	99.6	101.1
January	1986	95.6	102.0	103.9
February	1986	95.9	103.2	104.3
March	1986	95.1	101.8	103.5

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

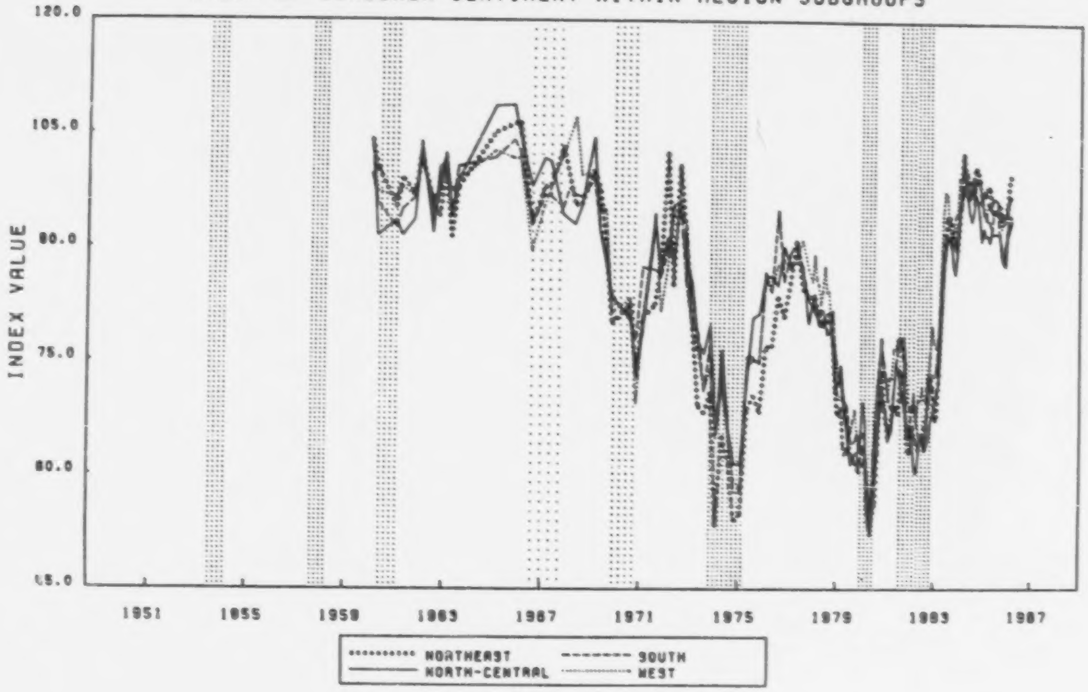


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

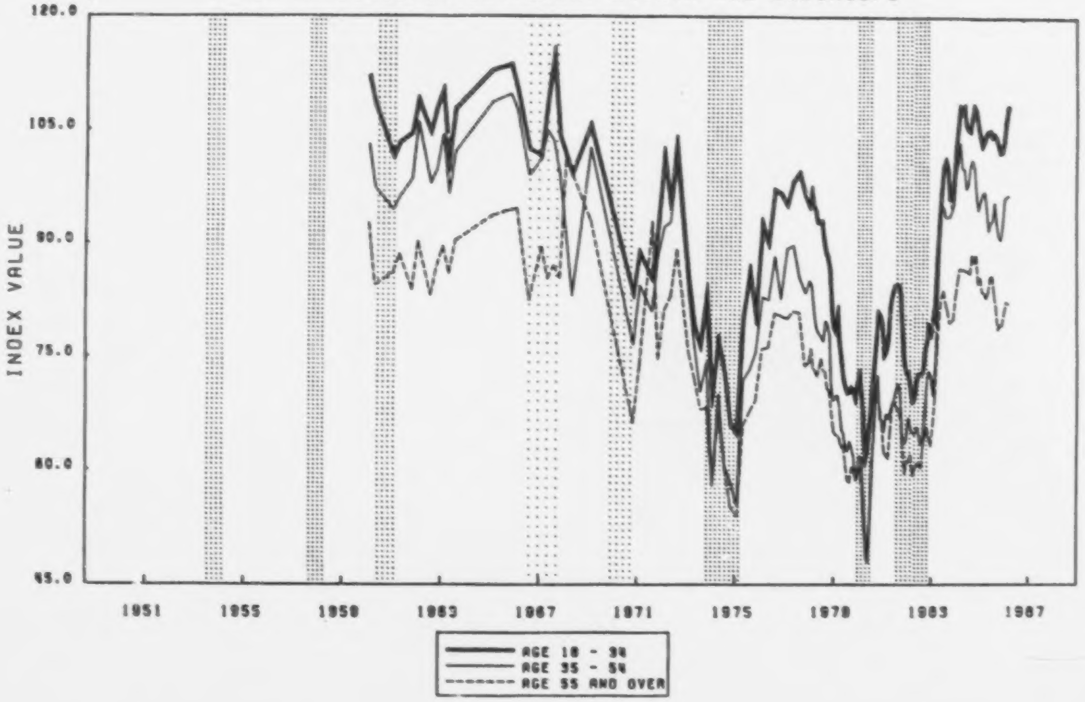


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

		CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY		North East	North Central	South	West	18-34	35-54	55+
March	1983	82.9	73.7	82.7	84.4	84.9	81.5	75.5
April	1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May	1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June	1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.7	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

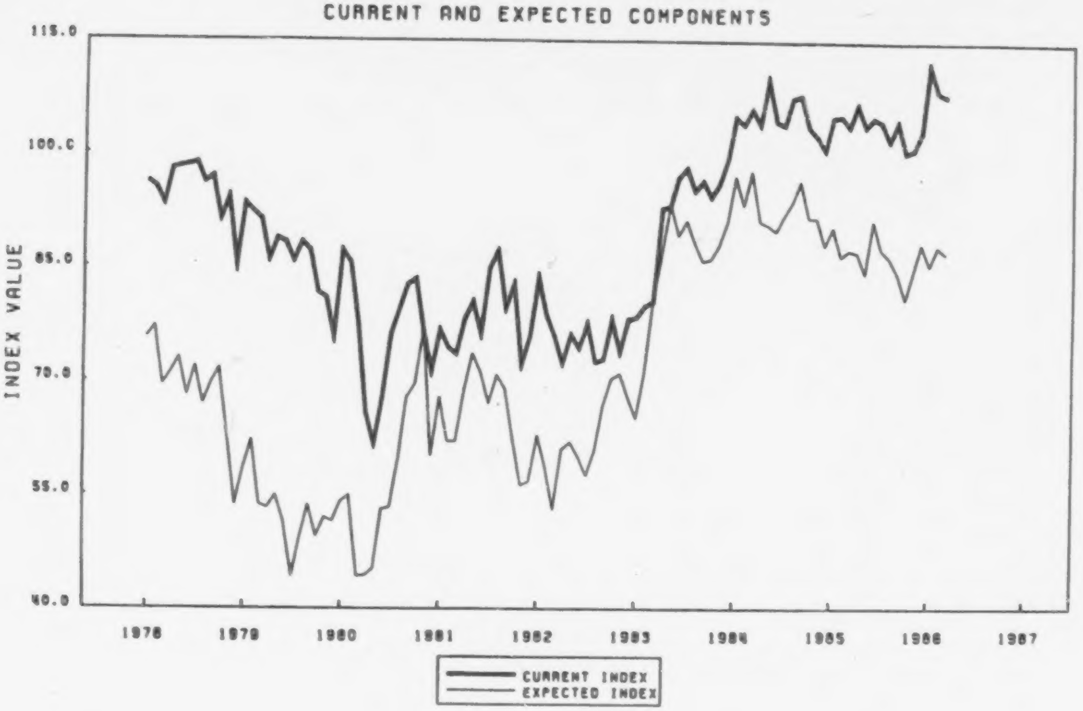


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

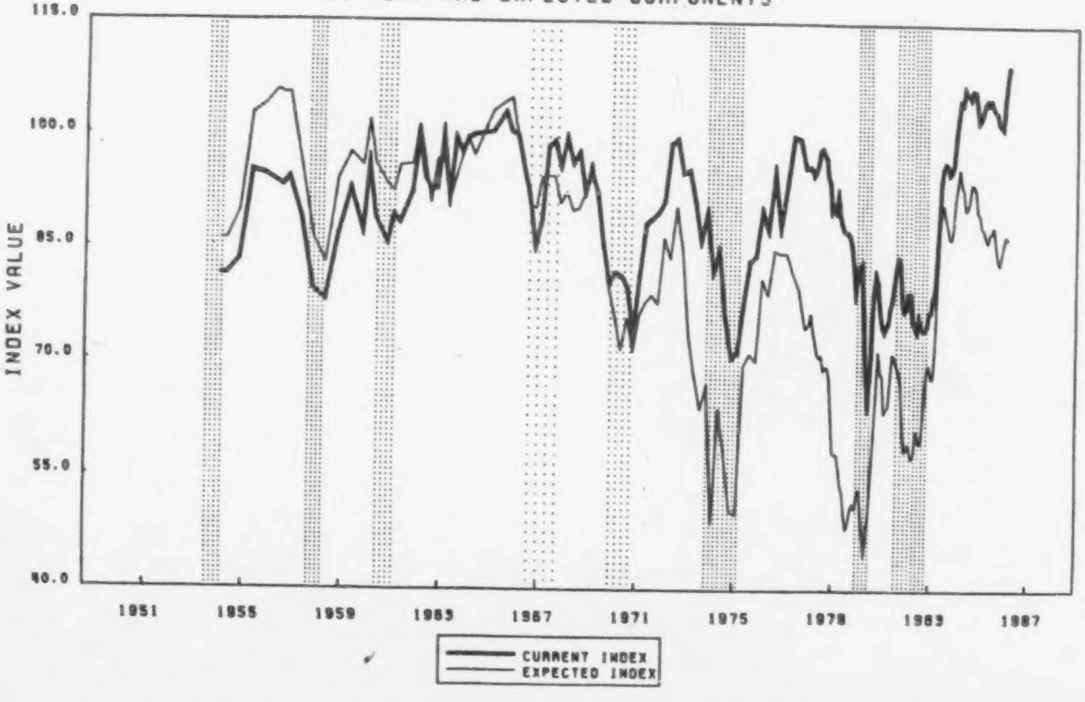


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

INDEX COMPONENTS +

	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
March 1983	92	126	113	85	115	80.5	80.9
April 1983	108	131	120	99	131	92.7	86.9
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

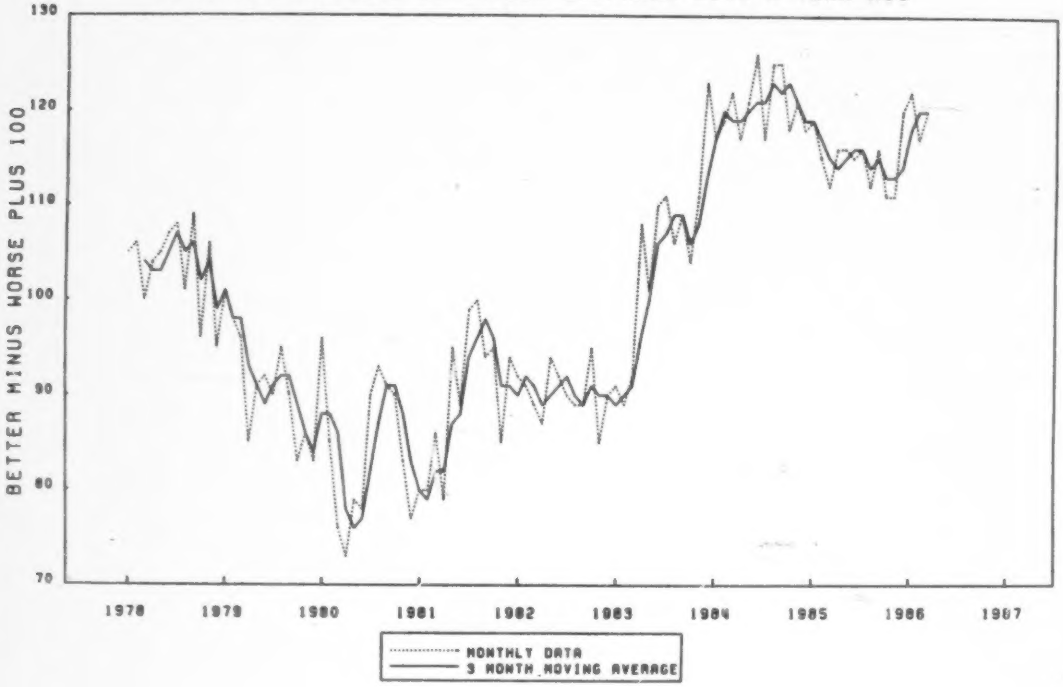


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

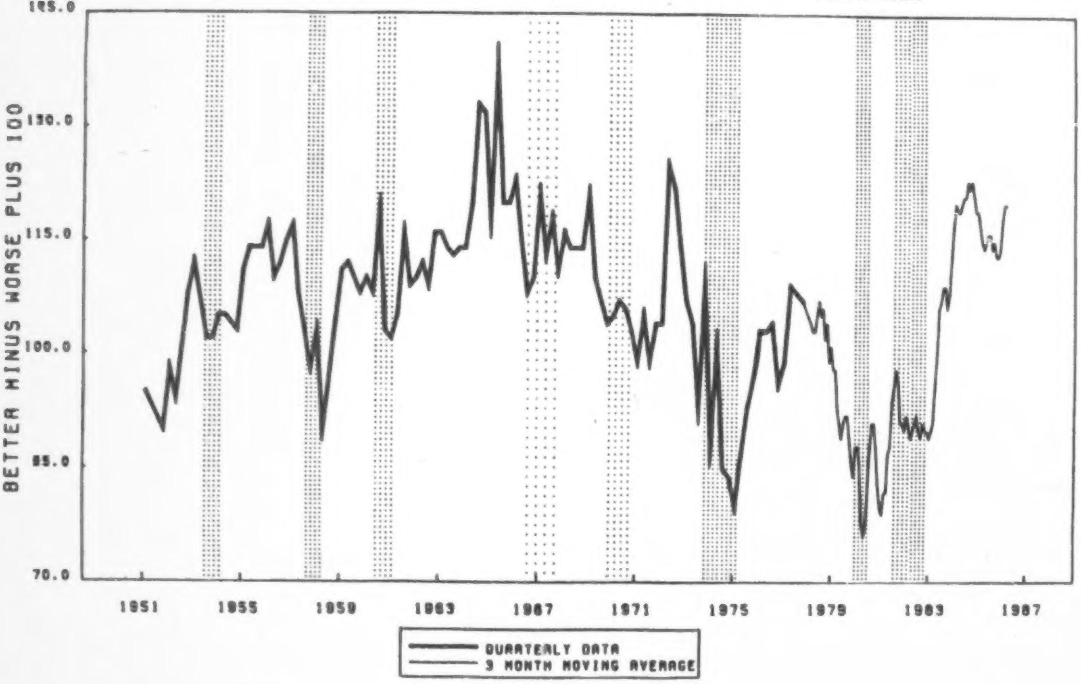


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
BETTER OFF	40%	41%	40%	43%	42%	41%	43%	39%	38%	46%	45%	44%	44%
SAME	32	34	36	29	32	29	28	33	34	28	32	29	32
WORSE OFF	28	25	24	28	26	29	27	28	27	26	23	27	24
DK,NA	*	*	*	*	*	1	2	*	1	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

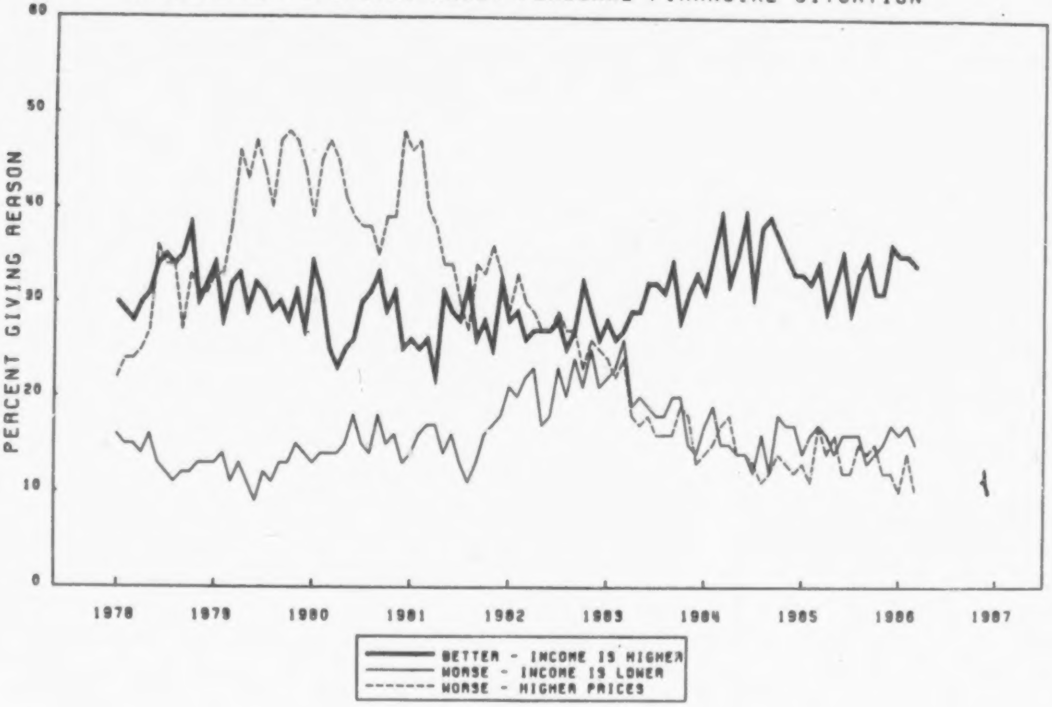


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

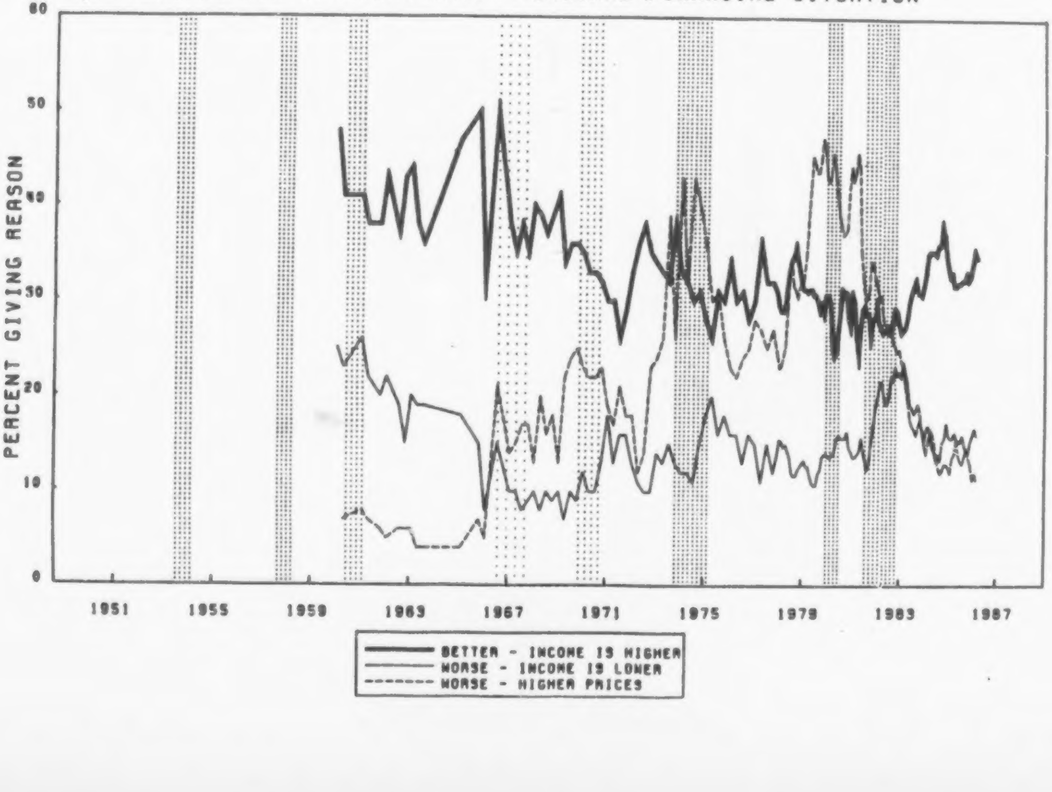


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	34%	29%	32%	35%	29%	33%	35%	31%	31%	36%	35%	35%	34%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	16	14	16	16	16	13	14	15	17	16	17	15
Higher prices	17	14	16	12	12	15	14	15	12	12	10	14	10

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

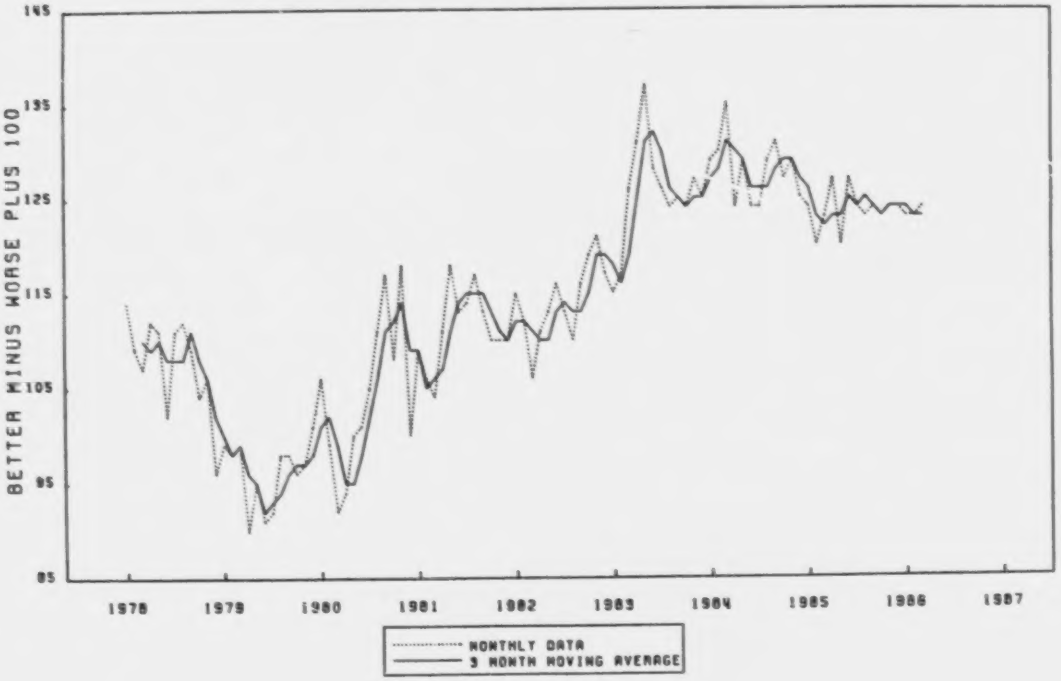


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

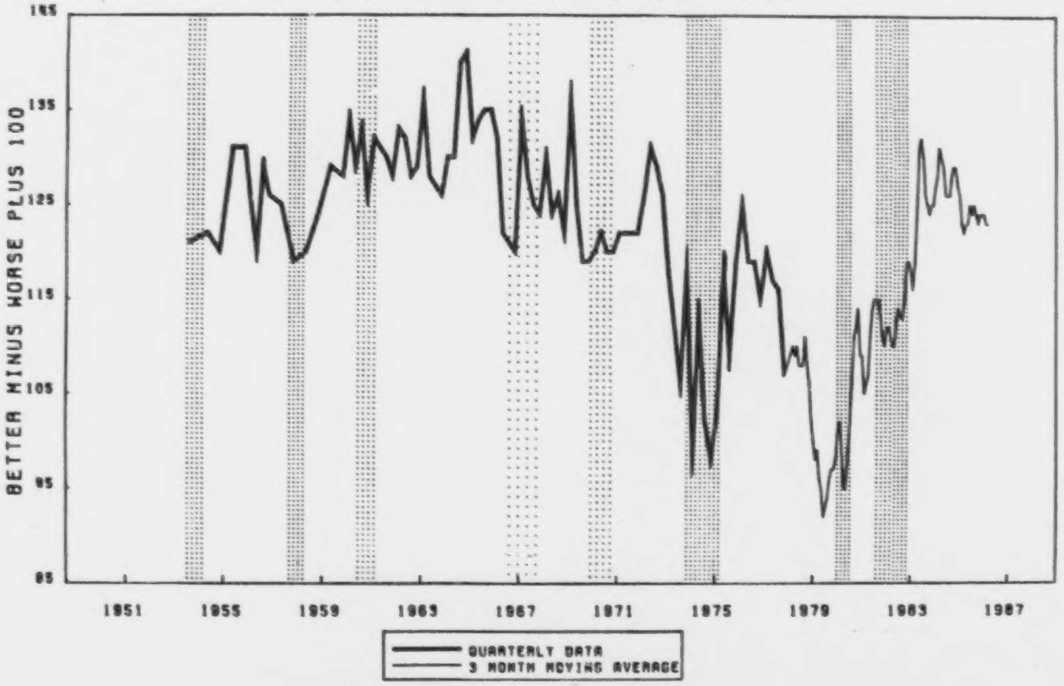


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
BETTER OFF	36%	37%	34%	36%	35%	36%	35%	33%	36%	33%	35%	35%	37%
SAME	49	49	49	52	51	48	50	54	48	55	50	50	47
WORSE OFF	13	10	14	9	11	13	11	10	12	9	12	12	13
DK,NA	2	4	3	3	3	3	4	3	4	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

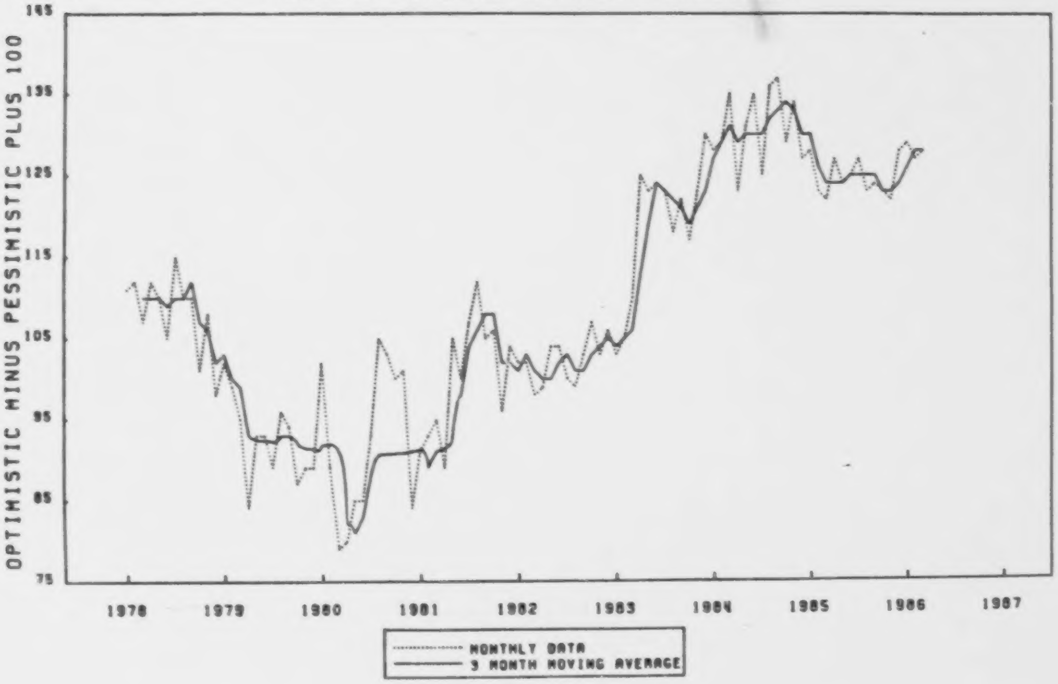


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

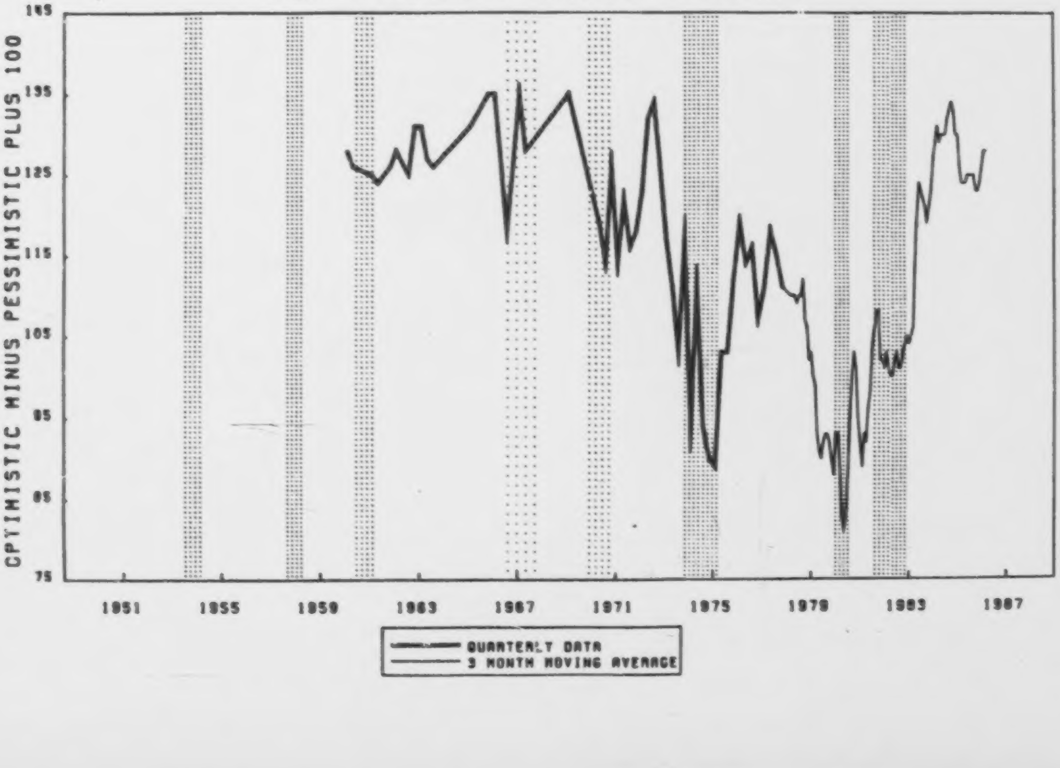


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	22%	20%	22%	20%	19%	22%	18%	19%	20%	21%	20%	22%
Intermittant increase (b)	26	26	26	25	26	25	24	26	25	29	29	29	27
Remain unchanged (c)	18	20	21	19	21	19	18	23	20	18	18	16	18
Intermittant decline (d)	18	16	16	17	13	14	15	15	17	17	16	16	14
Continuous decline (e)	6	5	6	5	6	7	7	6	5	4	5	6	7
Mixed change (f)	10	8	8	9	10	12	9	9	10	10	9	11	9
DK,NA	2	3	3	3	4	4	5	3	4	2	2	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

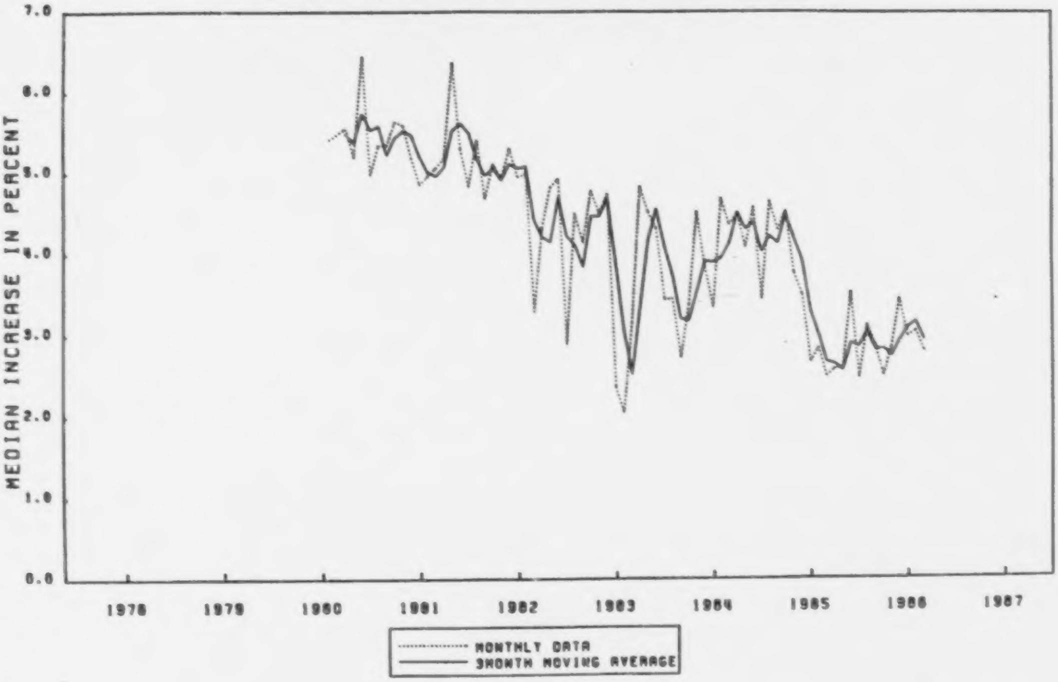


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

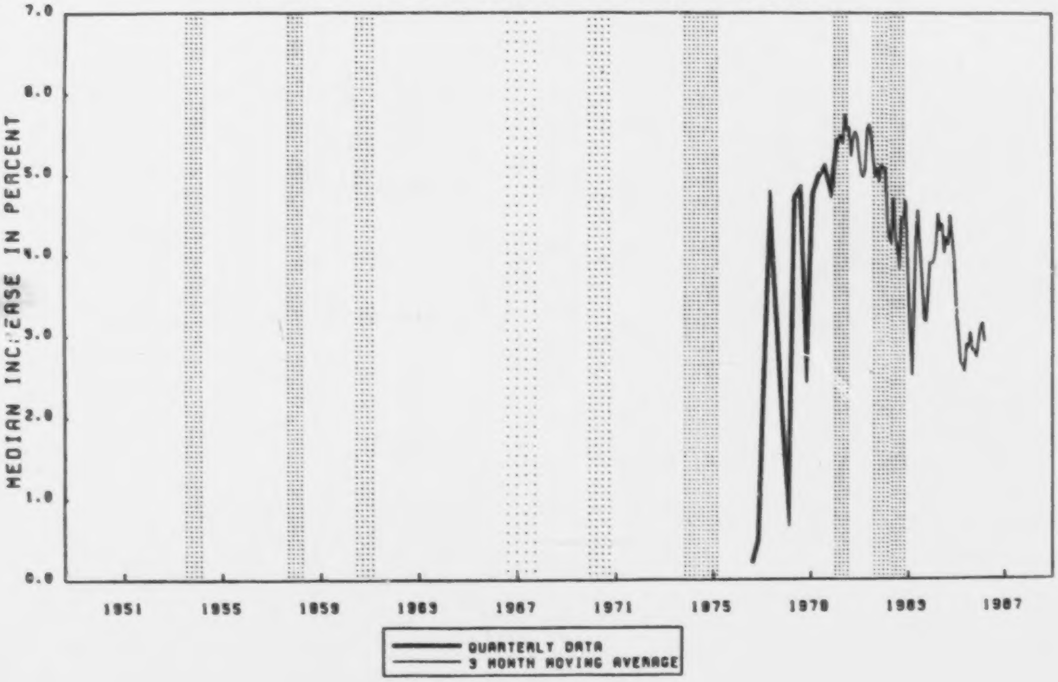


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
EXPECT INCREASE:													
1-4%	12%	11%	16%	11%	13%	13%	13%	13%	17%	14%	11%	17%	16%
5%	11	9	9	11	11	10	9	7	9	11	12	10	10
6-9%	7	7	5	7	7	8	8	8	8	8	7	8	6
10-24%	13	17	16	16	14	18	14	17	14	17	16	16	14
25% or more	8	8	7	10	5	5	8	6	6	6	7	6	7
DK how much up	4	3	4	4	3	3	4	5	4	5	4	3	4
EXPECT SAME	29	30	28	26	28	29	28	29	26	25	28	27	27
EXPECT DOWN	15	14	13	14	16	12	13	14	14	12	14	12	15
DK,NA	1	1	2	1	2	2	3	1	2	2	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

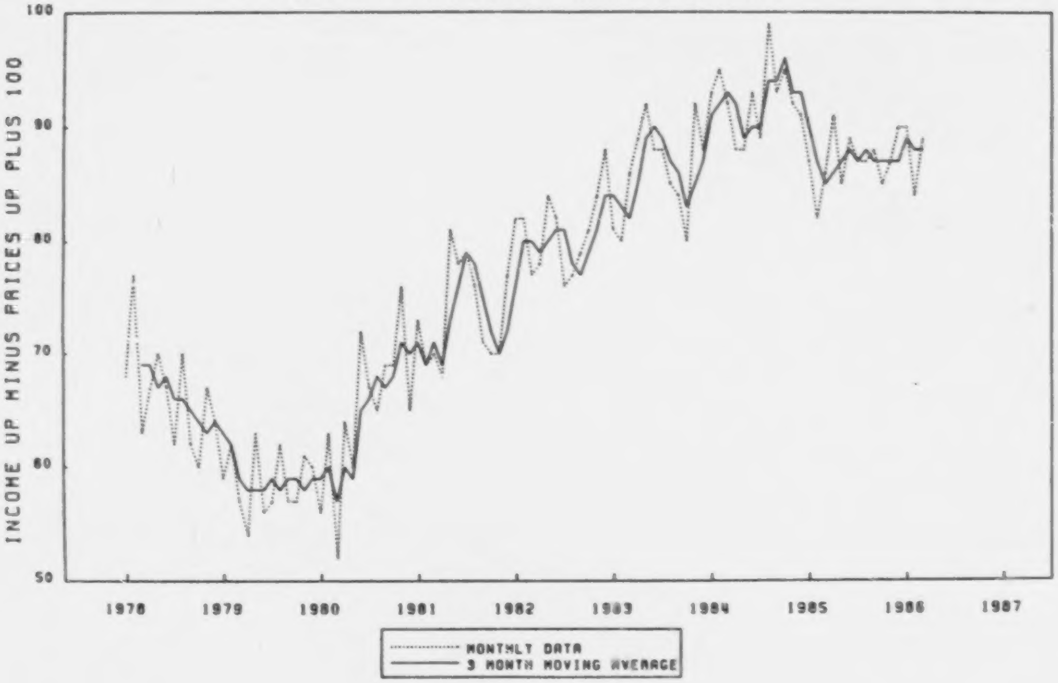


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

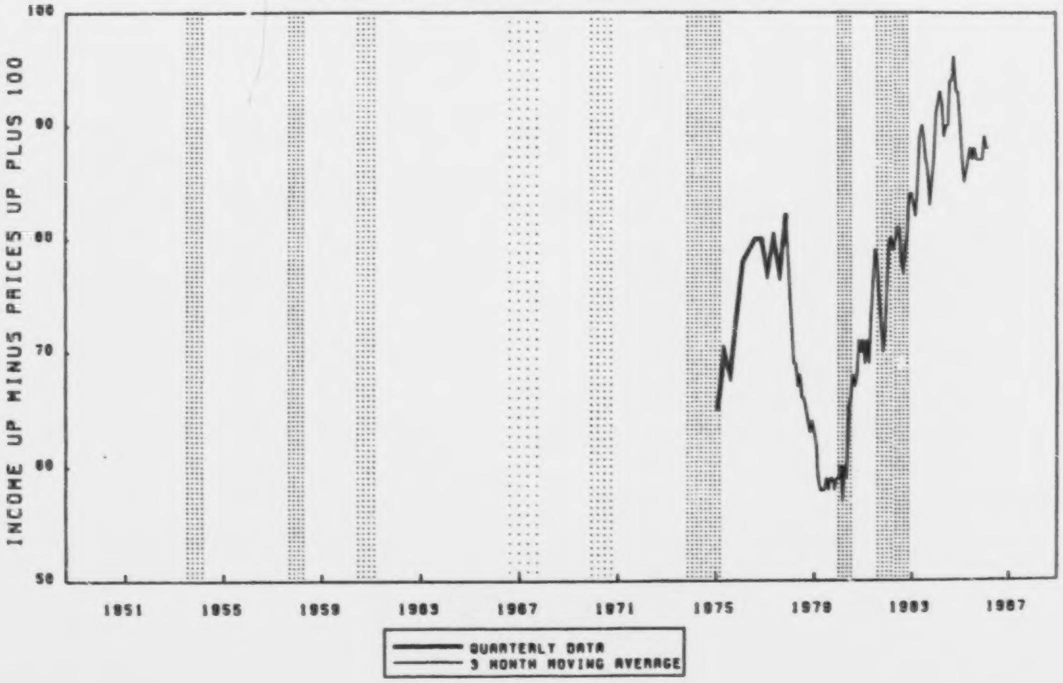


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
INCOME UP MORE	18%	23%	22%	19%	19%	22%	22%	20%	20%	23%	21%	19%	21%
INCOME UP SAME	49	42	39	48	47	40	42	43	43	42	47	43	44
PRICES UP MORE	32	32	37	30	32	35	34	35	33	33	31	35	32
DK,NA	1	3	2	3	2	3	2	2	4	2	1	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

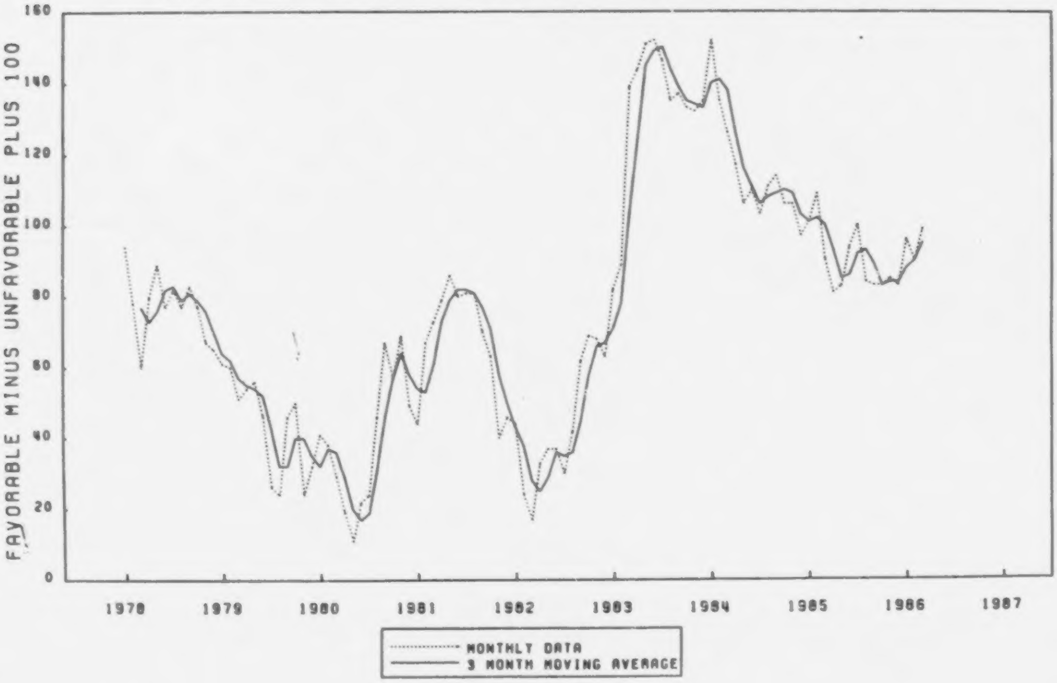


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

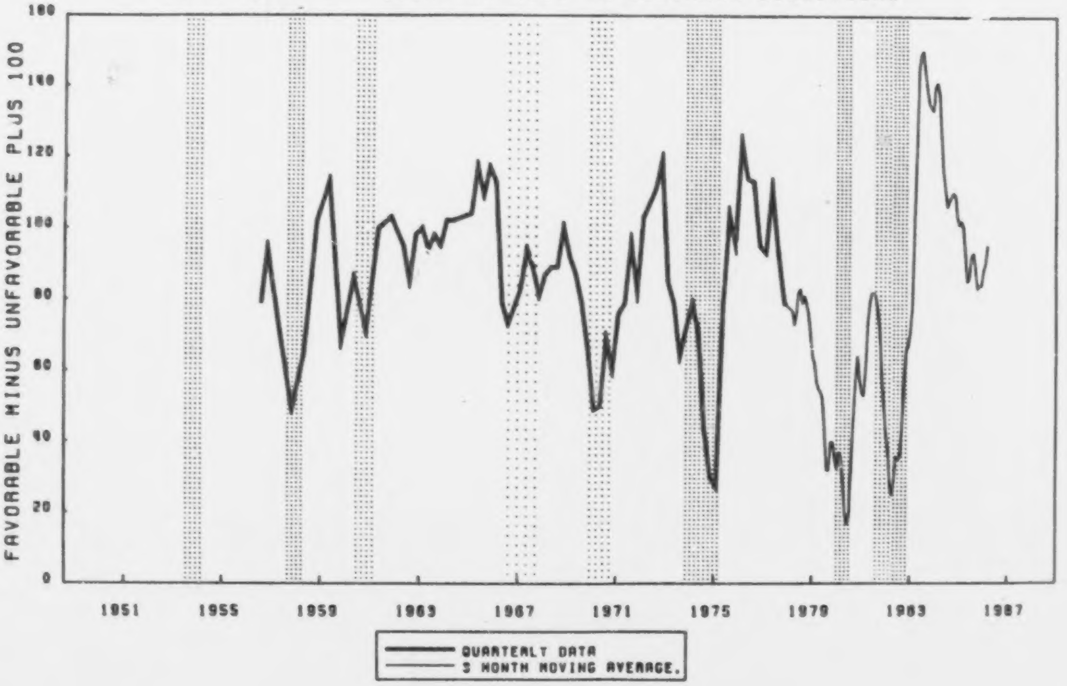


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
FAVORABLE NEWS	35%	30%	30%	37%	40%	30%	31%	28%	32%	33%	37%	34%	46%
UNFAVORABLE NEWS	45	49	47	43	40	46	48	45	47	50	41	44	47
NO MENTIONS	48	49	48	50	46	49	47	52	47	47	47	46	43

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

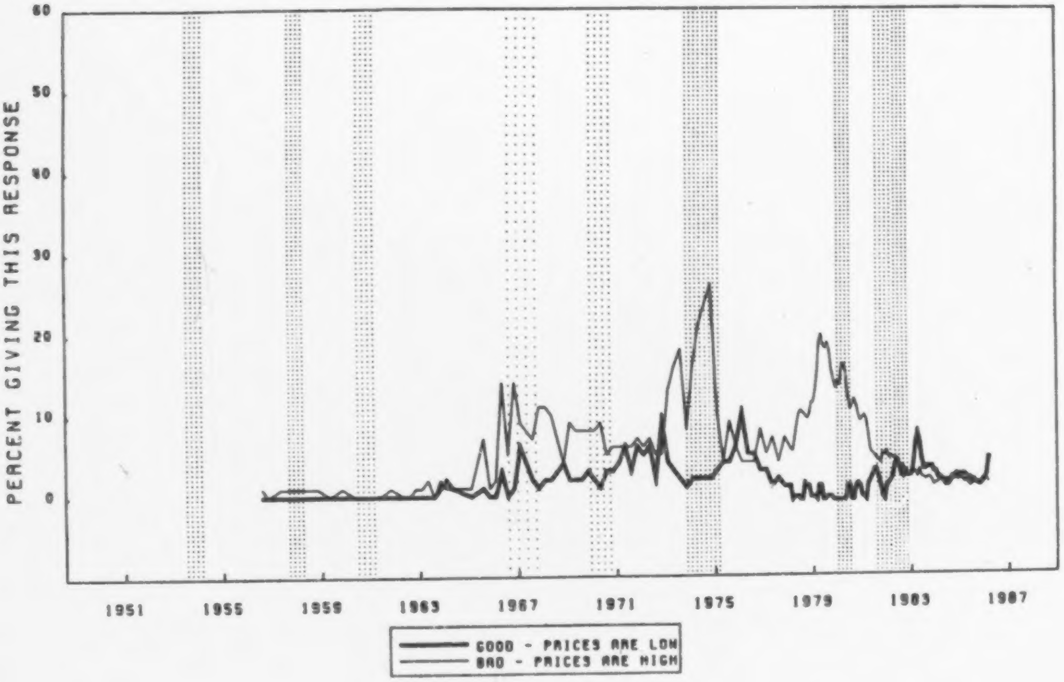


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

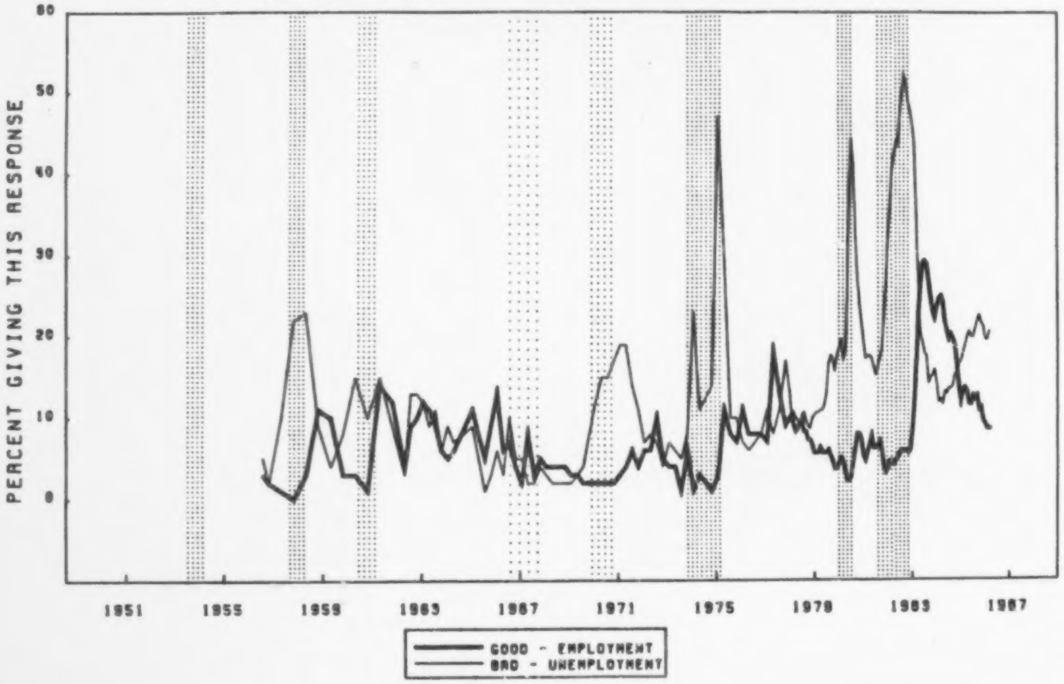


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
FAVORABLE NEWS:													
Government; elections	2%	1%	2%	5%	2%	1%	1%	1%	3%	2%	2%	2%	*
Employment	12	11	12	12	14	11	13	9	12	8	8	10	8
Higher consumer demand	5	3	3	4	3	2	4	3	3	3	3	1	3
Lower prices	2	1	1	1	2	1	1	1	1	2	2	3	8
Easier credit	5	4	3	7	10	8	6	4	6	7	9	8	15
UNFAVORABLE NEWS:													
Government; elections	5	5	4	6	4	4	5	5	4	5	5	3	3
Unemployment	20	21	21	18	21	24	21	23	21	20	18	21	23
Lower consumer demand	2	3	3	3	2	3	2	1	2	5	3	1	2
Higher prices	1	2	2	2	1	2	1	1	2	2	2	1	1
Tighter credit	2	2	2	1	1	1	1	1	2	2	1	*	*
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

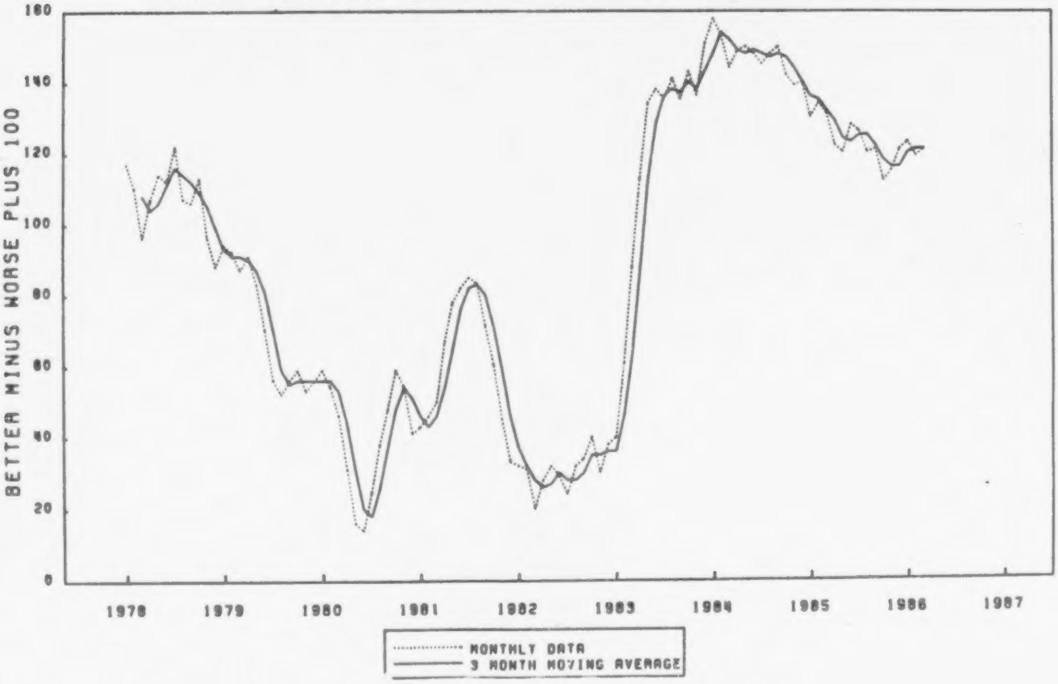


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

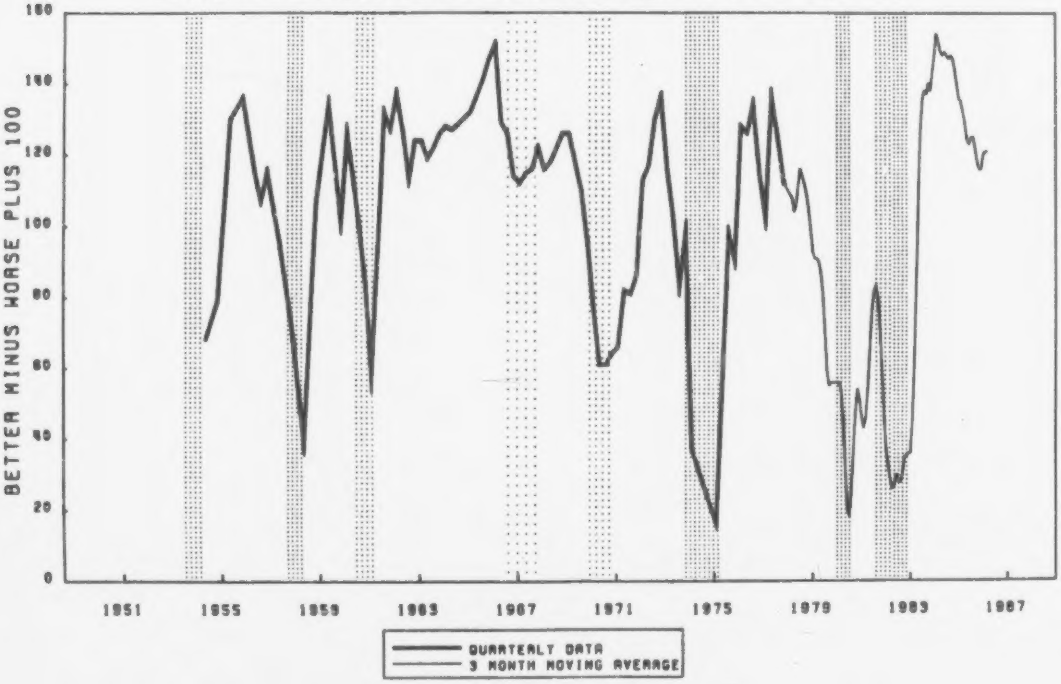


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
BETTER NOW	57%	51%	53%	56%	56%	51%	52%	47%	50%	52%	52%	51%	53%
SAME	15	17	13	14	13	16	14	16	12	16	17	15	13
WORSE NOW	26	29	33	28	30	31	31	35	35	31	29	32	32
DK,NA	2	3	1	2	1	2	3	2	3	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

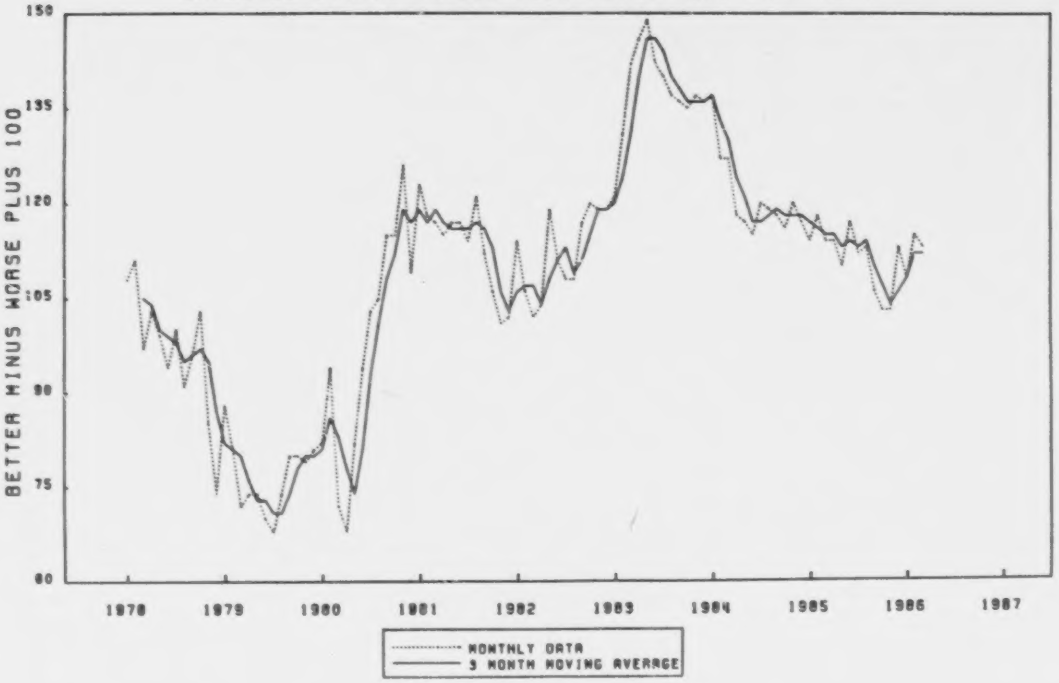


CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

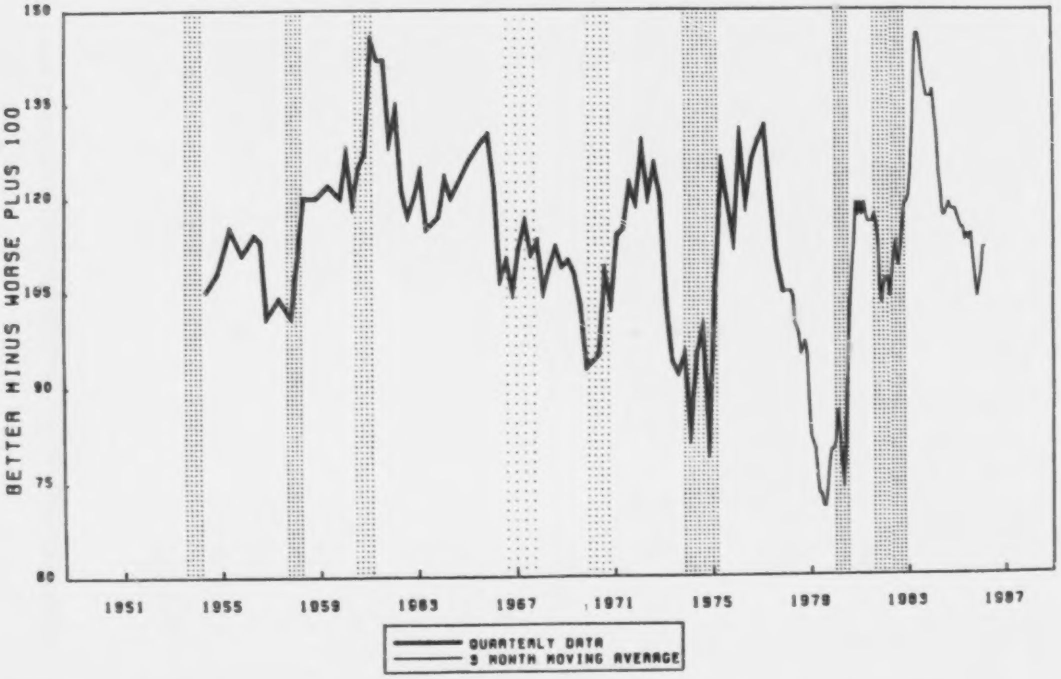


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
BETTER	29%	29%	27%	29%	26%	27%	23%	23%	21%	27%	24%	27%	29%
SAME	53	53	54	57	57	57	58	54	59	58	58	59	53
WORSE	15	15	17	12	14	14	17	20	18	14	16	12	16
DK,NA	3	3	2	2	3	2	2	3	2	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

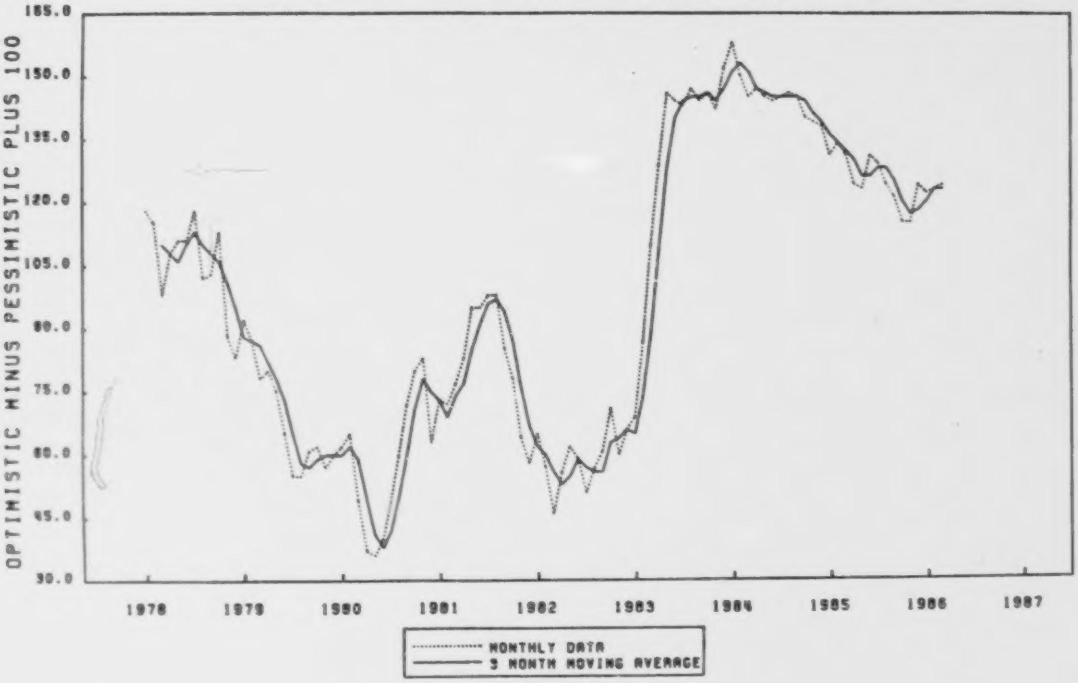


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

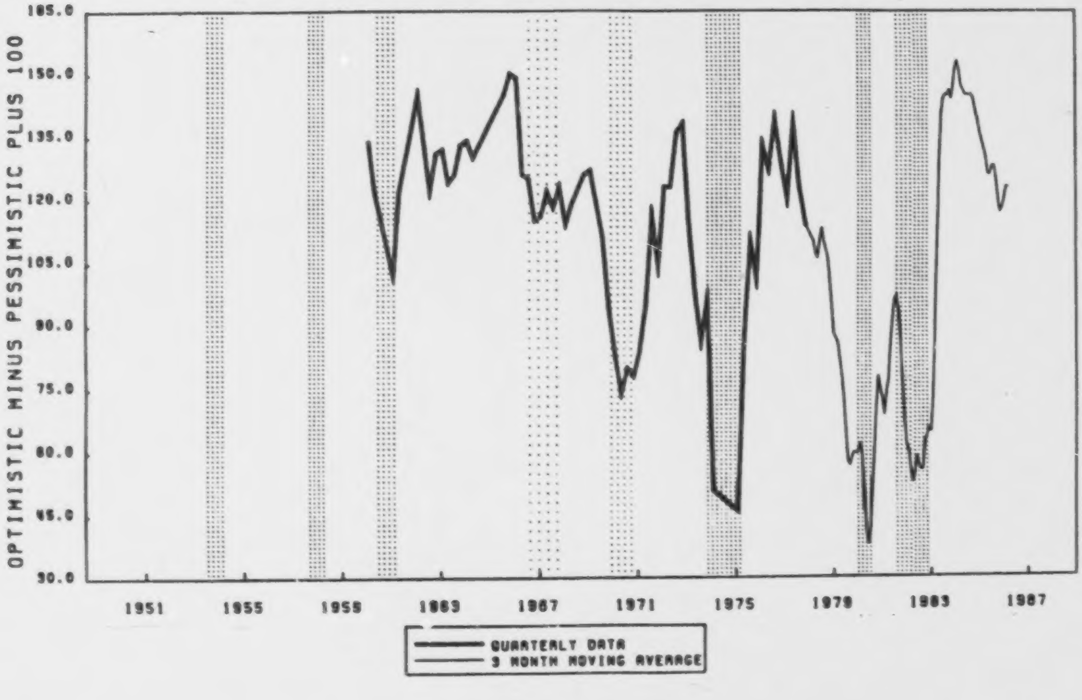


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
TREND:													
Continuous increase (a)	22%	21%	18%	22%	19%	19%	16%	16%	14%	19%	16%	19%	20%
Intermittant increase (b)	33	29	34	34	36	33	34	31	34	33	33	33	32
Remain unchanged (c)	9	11	8	9	9	10	9	10	8	10	11	10	7
Intermittant decline (d)	15	18	18	17	16	18	19	18	21	19	19	20	18
Continuous decline (e)	9	8	11	8	10	10	10	14	12	9	8	9	10
Mixed change (f)	8	8	8	6	6	7	8	7	7	7	10	6	10
DK,NA	4	5	3	4	4	3	4	4	4	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

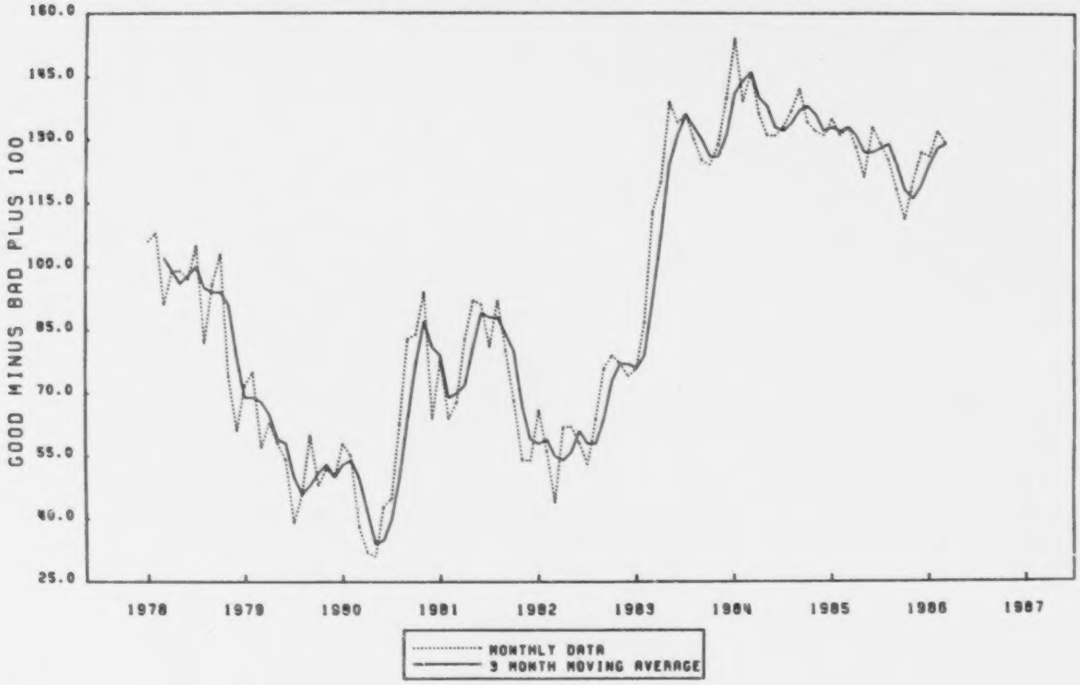


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

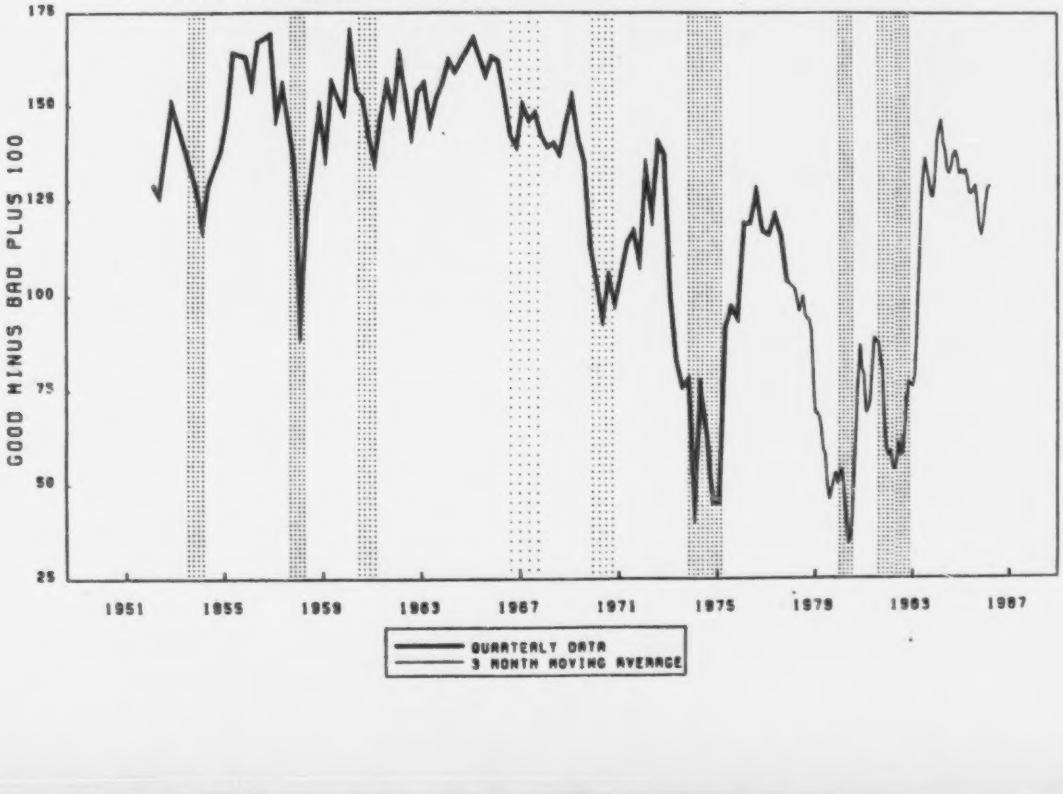


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIMES	62%	58%	55%	59%	58%	57%	52%	49%	53%	57%	58%	61%	58%
UNCERTAIN; GOOD & BAD	2	3	1	3	3	4	4	3	4	4	3	2	3
BAD TIMES	29	30	34	26	29	32	34	38	33	30	32	29	29
DON'T KNOW	5	6	6	5	7	4	8	5	6	7	5	4	7
NOT ASCERTAINED	2	3	4	7	3	3	2	5	4	2	2	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

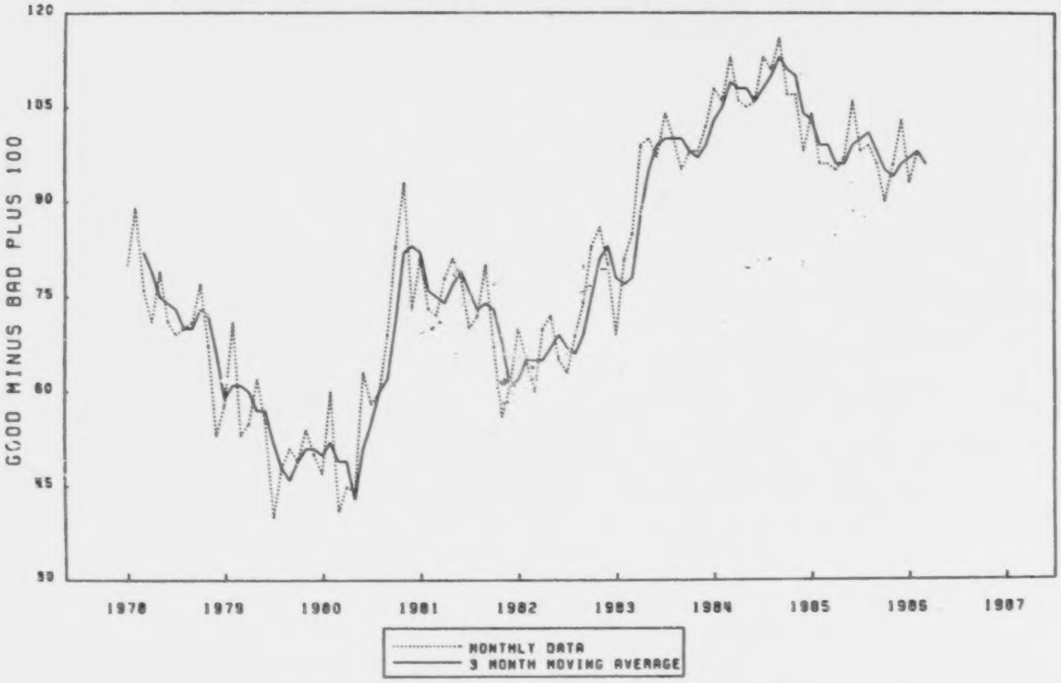


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

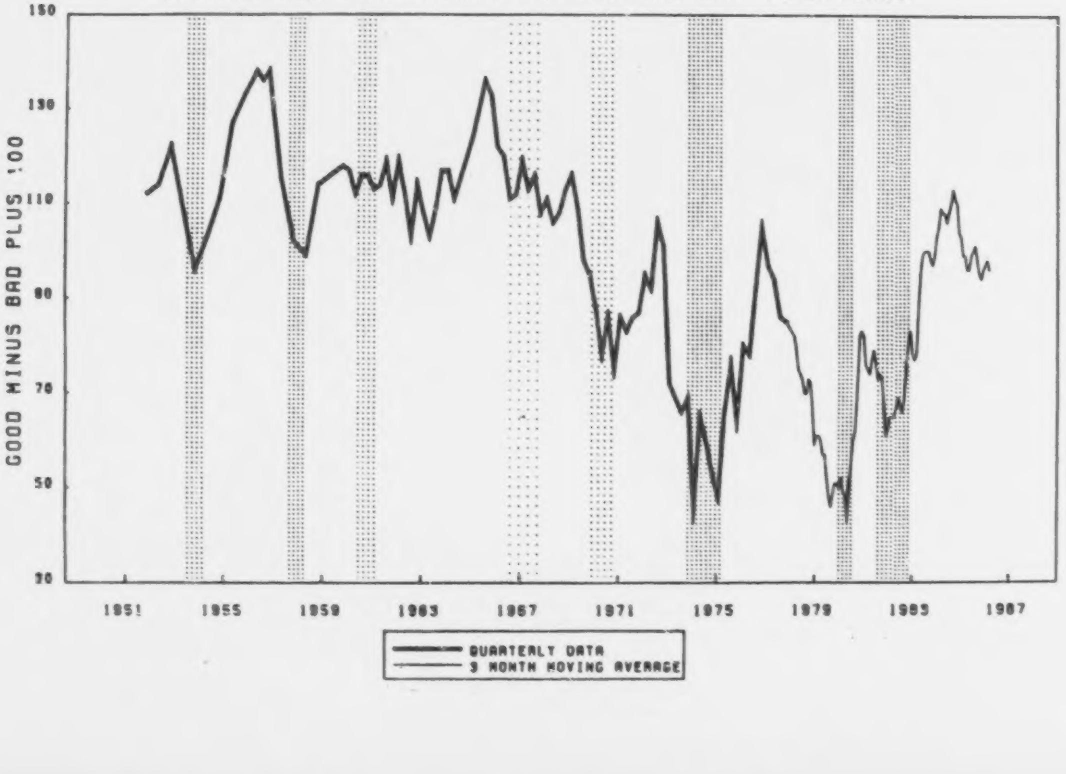


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIMES	40%	39%	40%	43%	41%	41%	38%	35%	38%	40%	39%	42%	39%
UNCERTAIN; GOOD & BAD	13	14	14	17	13	14	16	15	14	17	12	11	13
BAD TIMES	44	44	43	37	43	42	42	45	42	37	46	44	43
NOT ASCERTAINED	3	3	3	3	3	3	4	5	6	6	3	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

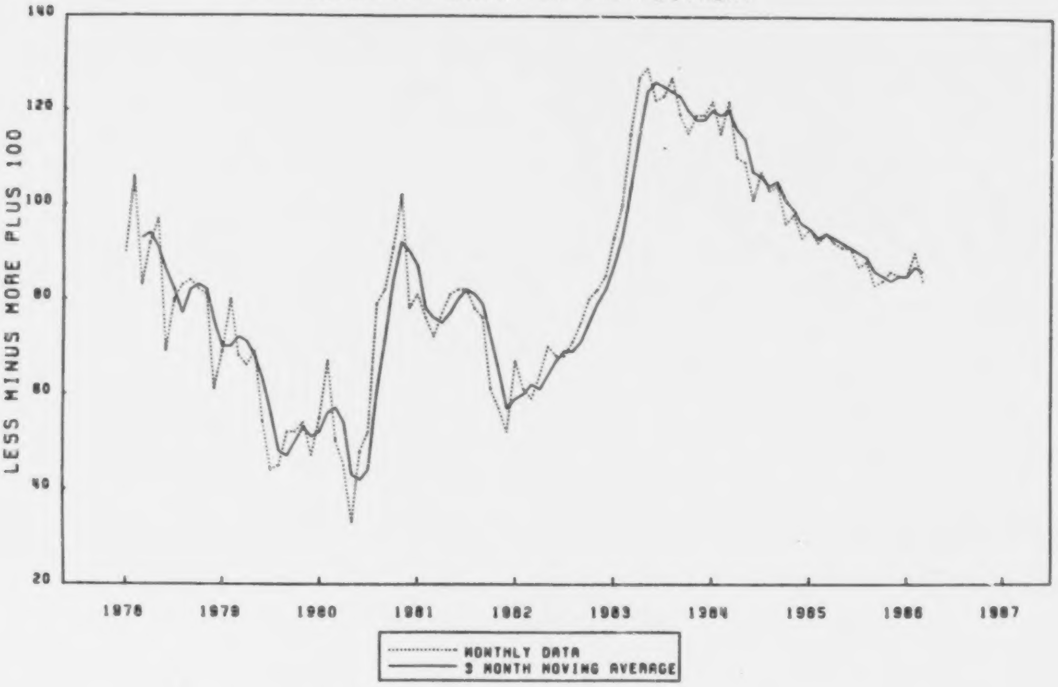


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

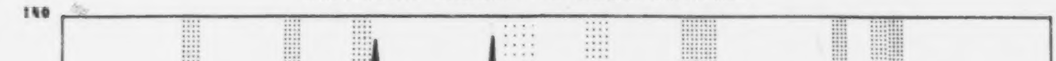


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
LESS	23%	20%	19%	16%	14%	17%	14%	16%	15%	15%	15%	19%	17%
SAME	47	50	52	58	58	52	53	51	54	54	54	51	48
MORE	29	28	28	25	27	29	31	32	29	30	30	29	33
DK,NA	1	2	1	1	1	2	2	1	2	1	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

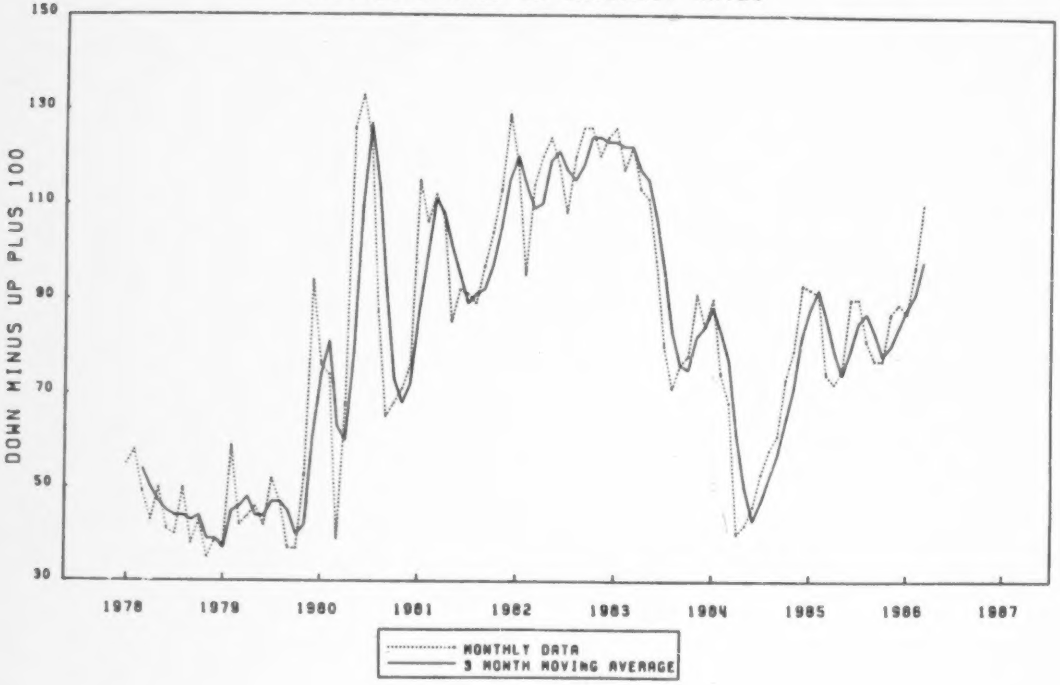


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

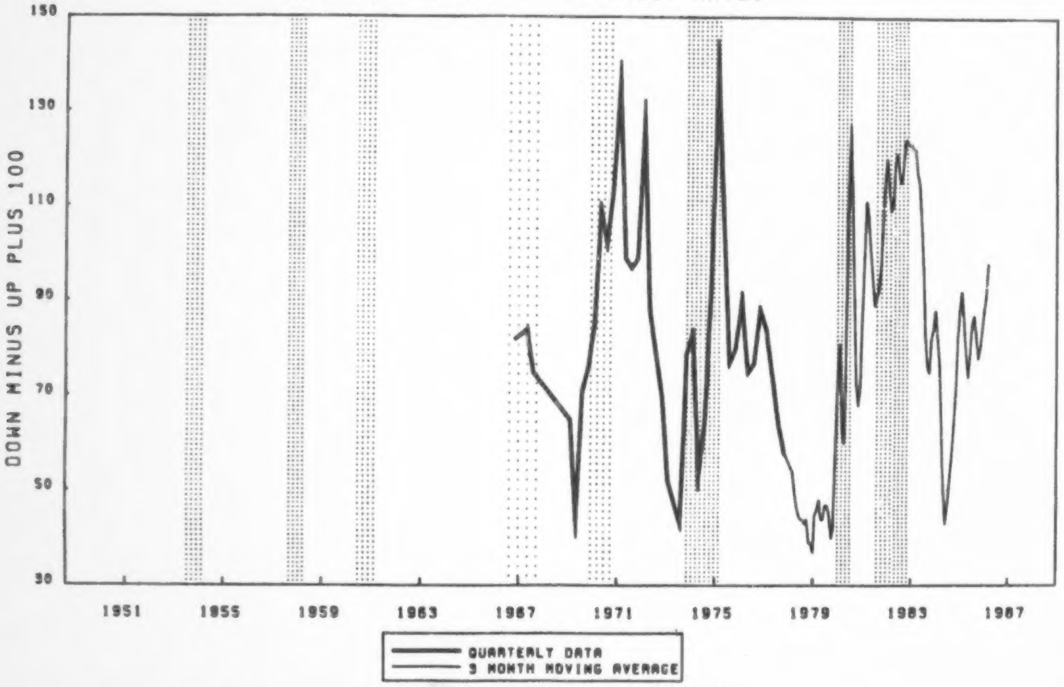


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GO UP	45%	47%	44%	36%	35%	41%	43%	44%	36%	36%	38%	30%	26%
STAY THE SAME	32	31	34	36	38	35	34	33	37	37	34	40	35
GO DOWN	19	19	19	26	25	22	20	21	23	25	25	27	36
DK,NA	4	3	3	2	2	2	3	2	4	2	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

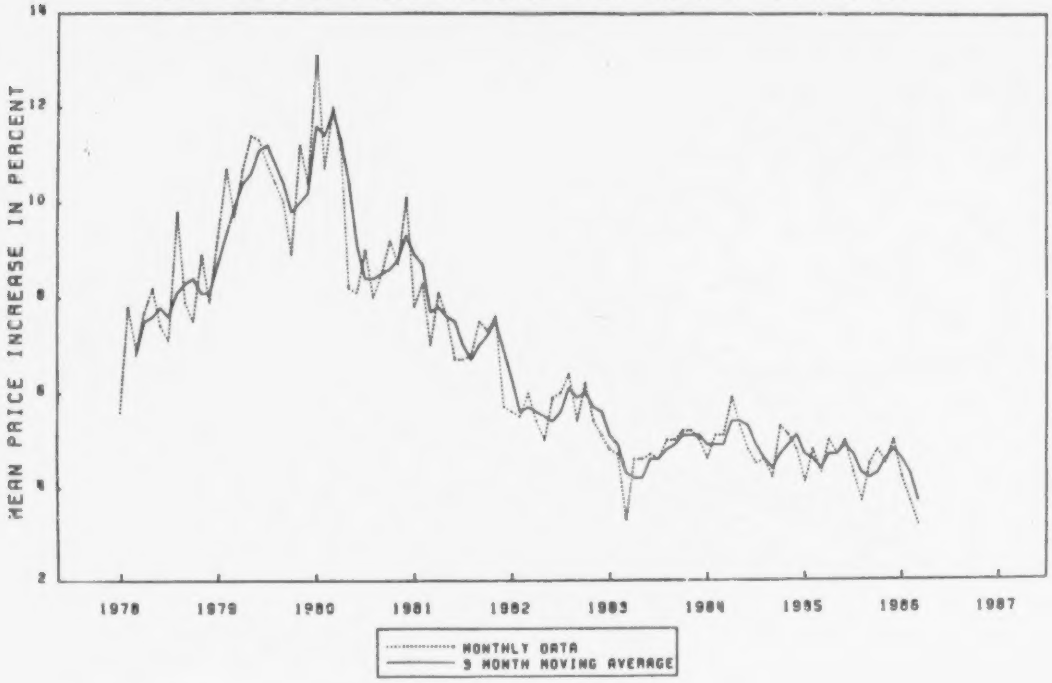


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

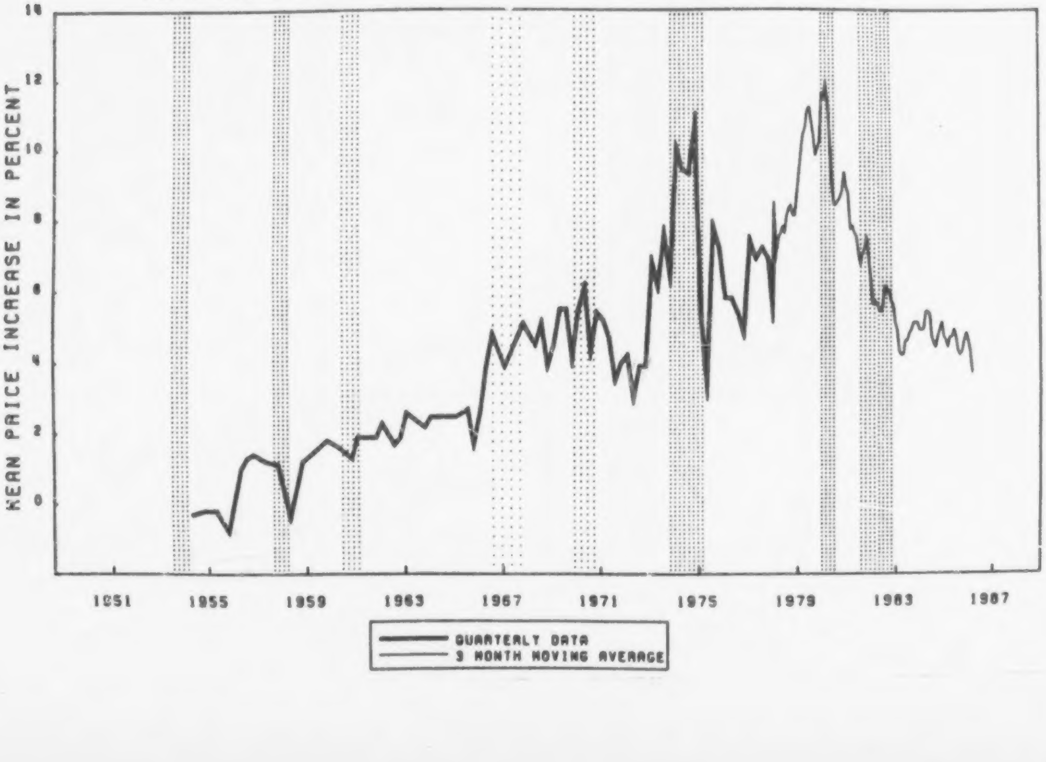


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
SAME OR DOWN	26%	22%	20%	19%	24%	26%	26%	23%	25%	21%	24%	28%	36%
WILL GO UP BY:													
1-2%	15	13	17	16	19	18	18	13	14	11	16	16	13
3-4%	19	20	20	21	20	21	17	21	20	22	24	19	16
5%	15	16	20	19	14	16	14	15	16	18	14	17	15
6-9%	6	8	6	6	8	6	6	6	6	6	6	6	4
10-14%	9	11	7	9	6	6	9	12	9	9	6	5	6
15% or more	6	6	6	6	4	4	5	5	5	7	5	3	3
DK how much up	4	3	2	2	4	2	3	4	3	5	4	4	6
DK,NA	*	1	2	2	1	1	2	1	2	1	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.3	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2
VARIANCE	34	44	46	51	49	21	46	41	42	43	47	38	39
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

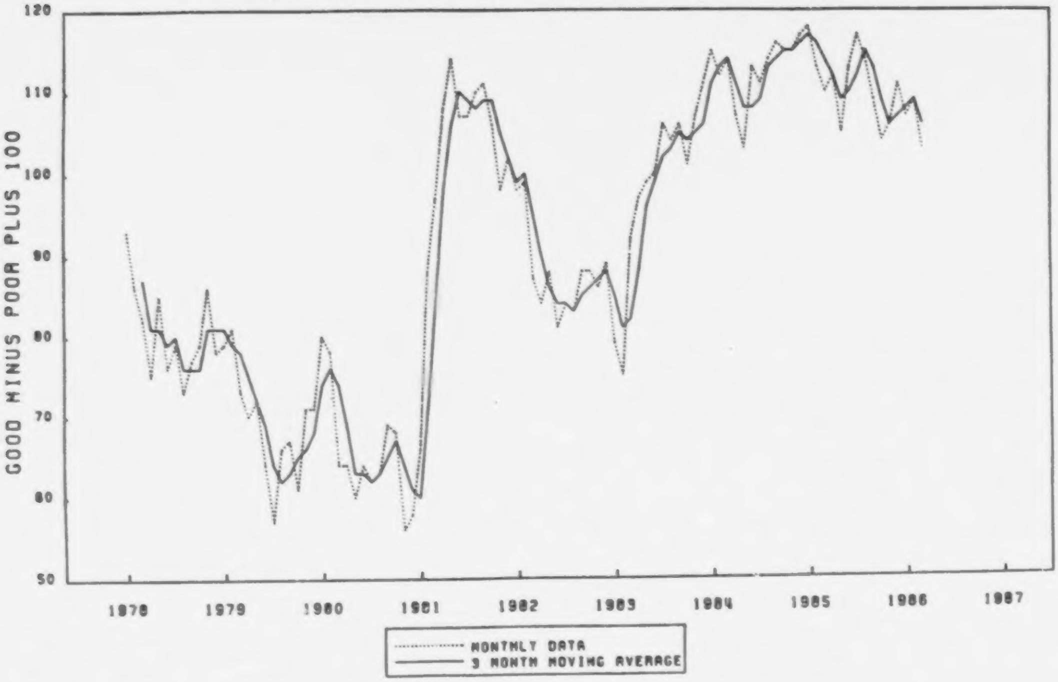


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

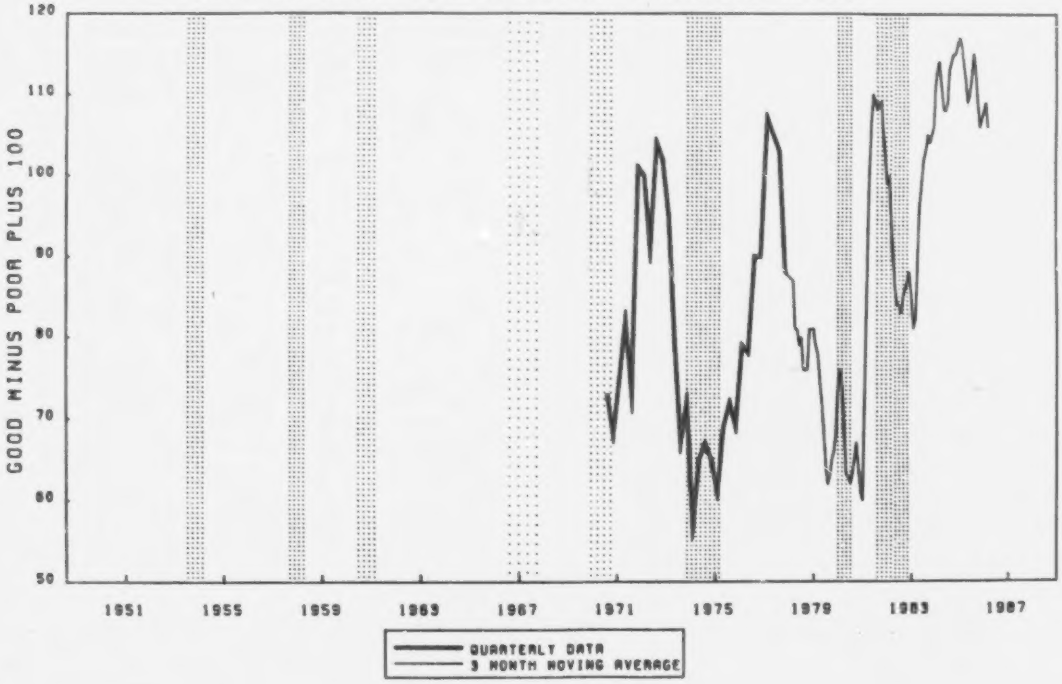


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
A GOOD JOB	32%	30%	26%	29%	31%	29%	29%	25%	28%	28%	27%	29%	25%
ONLY FAIR	43	50	51	53	52	53	49	50	48	53	52	48	51
A POOR JOB	22	18	21	16	14	15	20	21	22	17	20	20	22
DK,NA	3	2	2	2	3	3	2	4	2	2	1	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

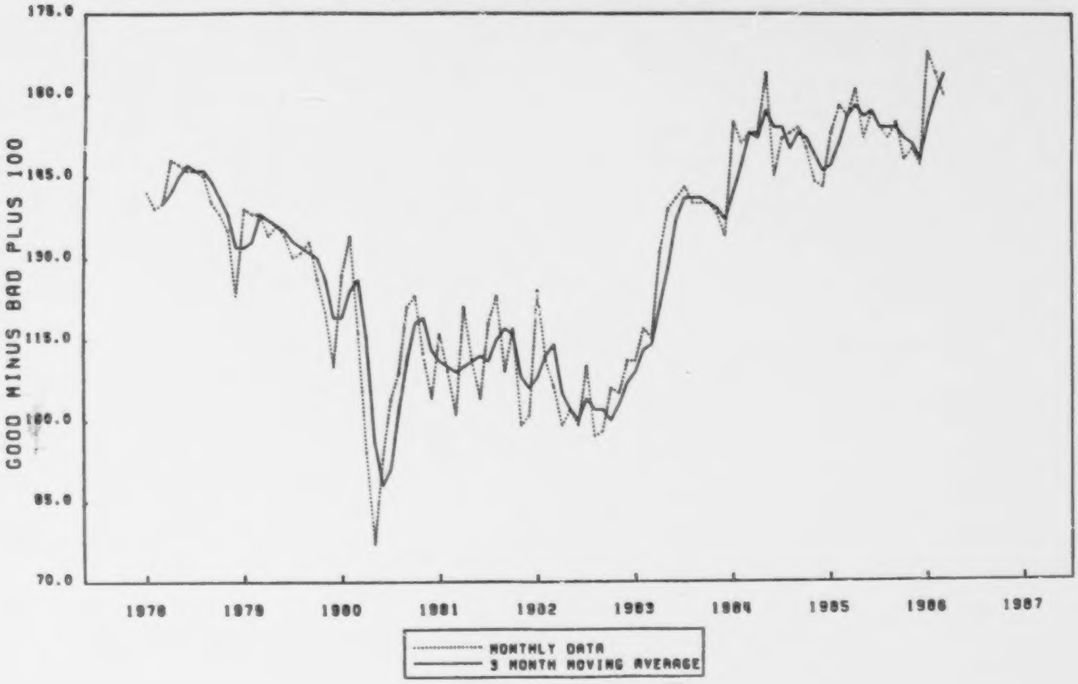


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

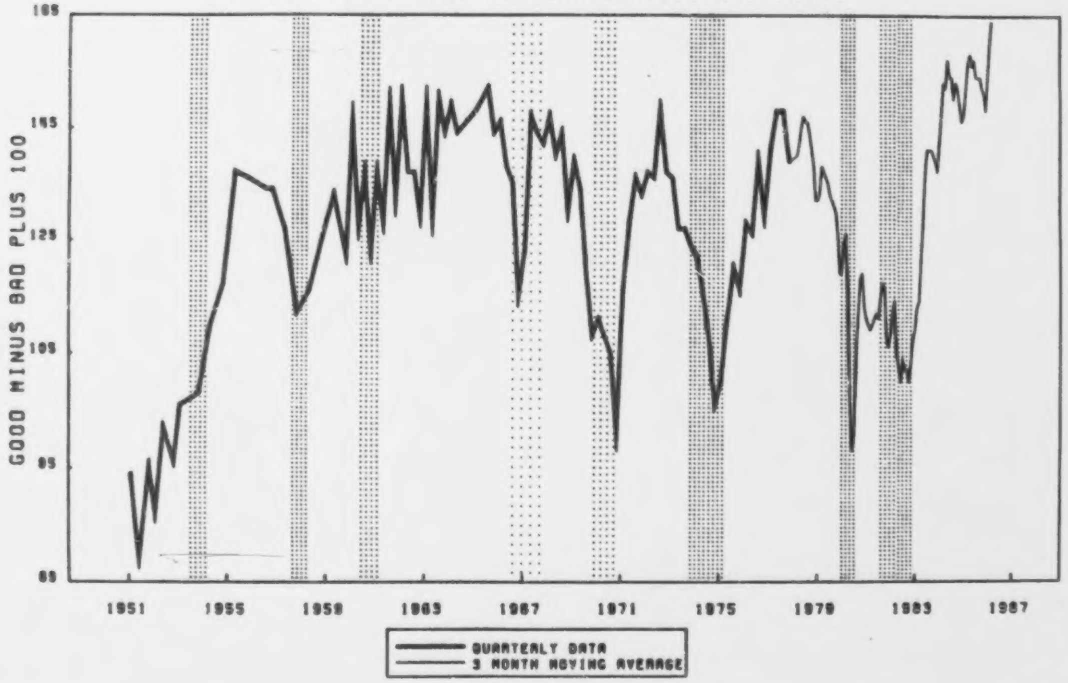


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY	74%	77%	72%	74%	74%	69%	73%	69%	70%	69%	80%	78%	75%
UNCERTAIN, DEPENDS	8	7	8	9	6	14	9	10	10	9	8	8	10
BAD TIME TO BUY	18	16	20	17	20	17	18	21	20	22	12	14	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

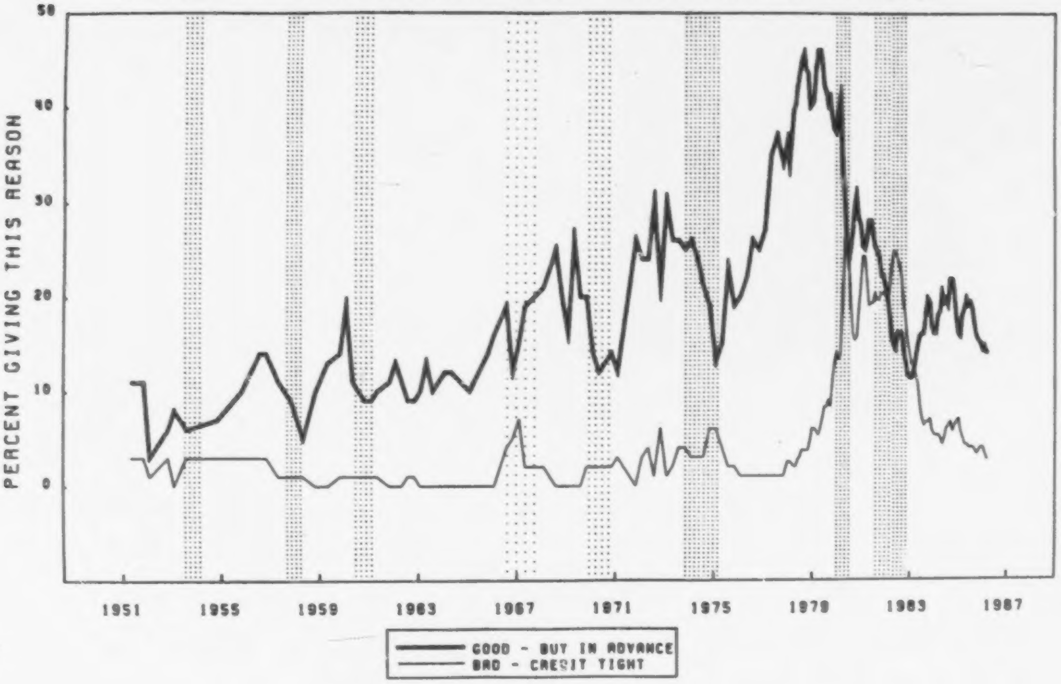


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

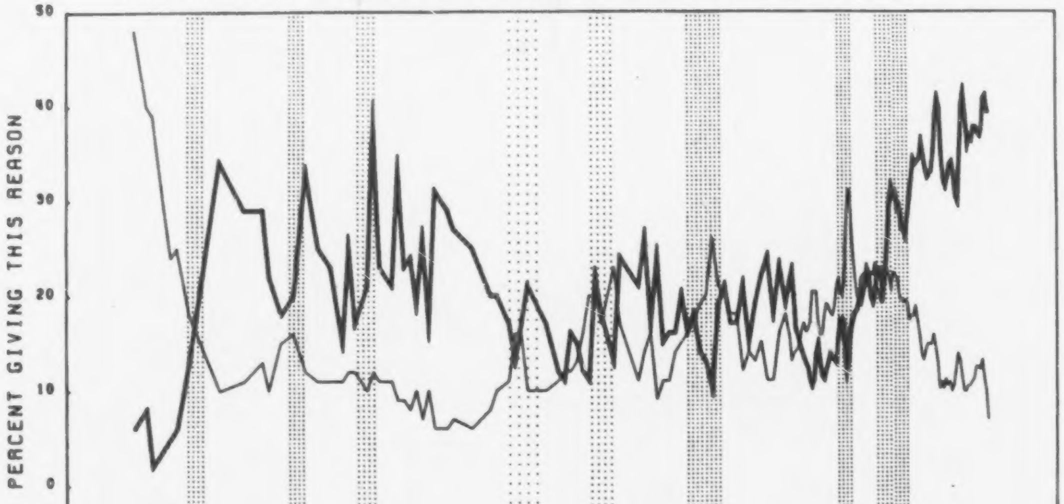


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	36%	37%	34%	39%	36%	38%	39%	34%	37%	42%	43%	38%	37%
Prices won't come down; are going higher	22	18	19	20	19	17	15	15	16	14	13	17	12
Interest rates low; credit is easy	10	13	11	13	14	15	14	15	12	12	18	20	21
BAD TIME TO BUY:													
Prices are high	10	10	11	10	11	12	14	11	11	17	5	7	8
Interest rates are high; credit is tight	5	4	4	4	4	4	3	3	5	4	3	3	2
Lack of purchasing power	7	6	9	7	6	5	6	8	7	5	6	6	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

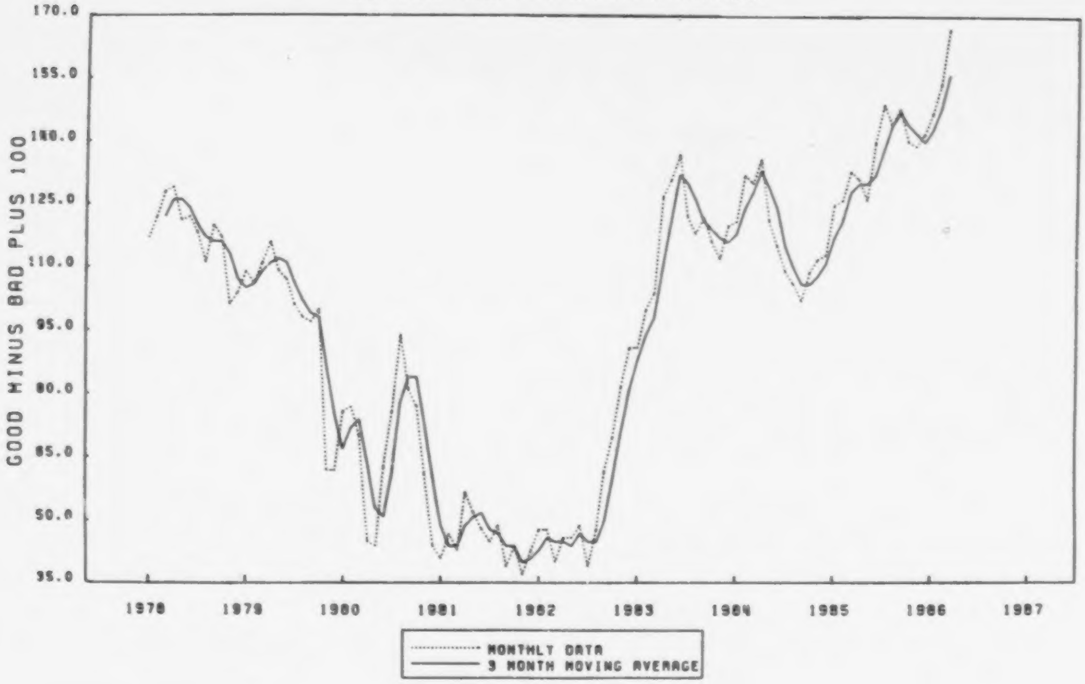


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

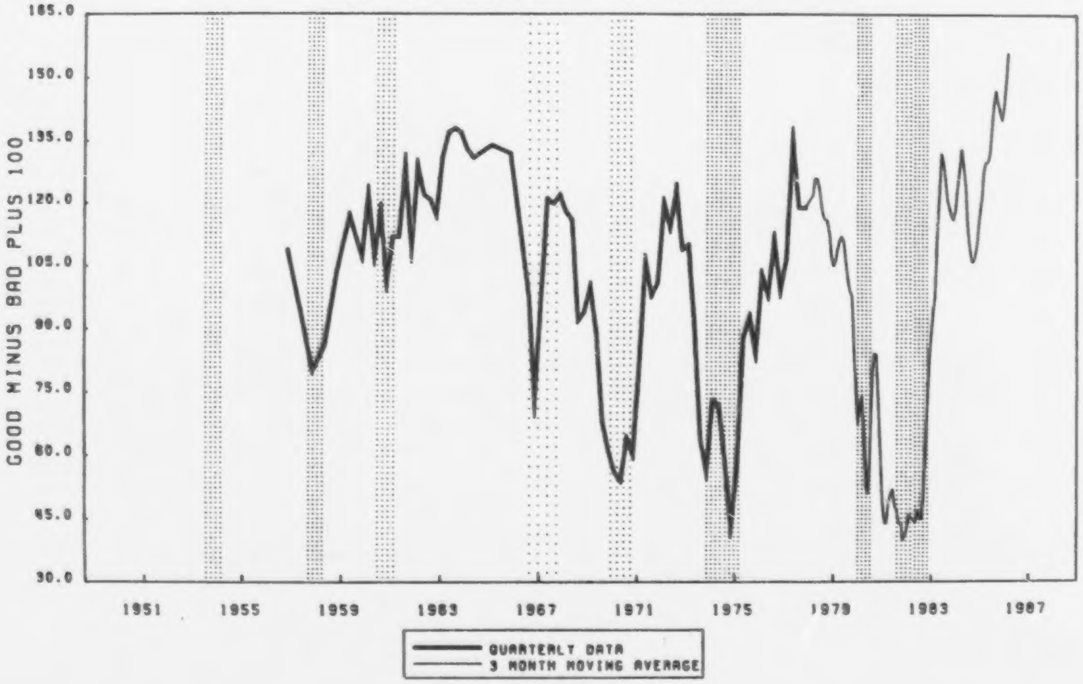


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY	64%	64%	61%	67%	73%	69%	72%	68%	67%	68%	72%	76%	82%
UNCERTAIN, DEPENDS	5	3	4	6	3	6	4	4	5	6	3	2	3
BAD TIME TO BUY	31	33	35	27	24	25	24	28	28	26	25	22	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

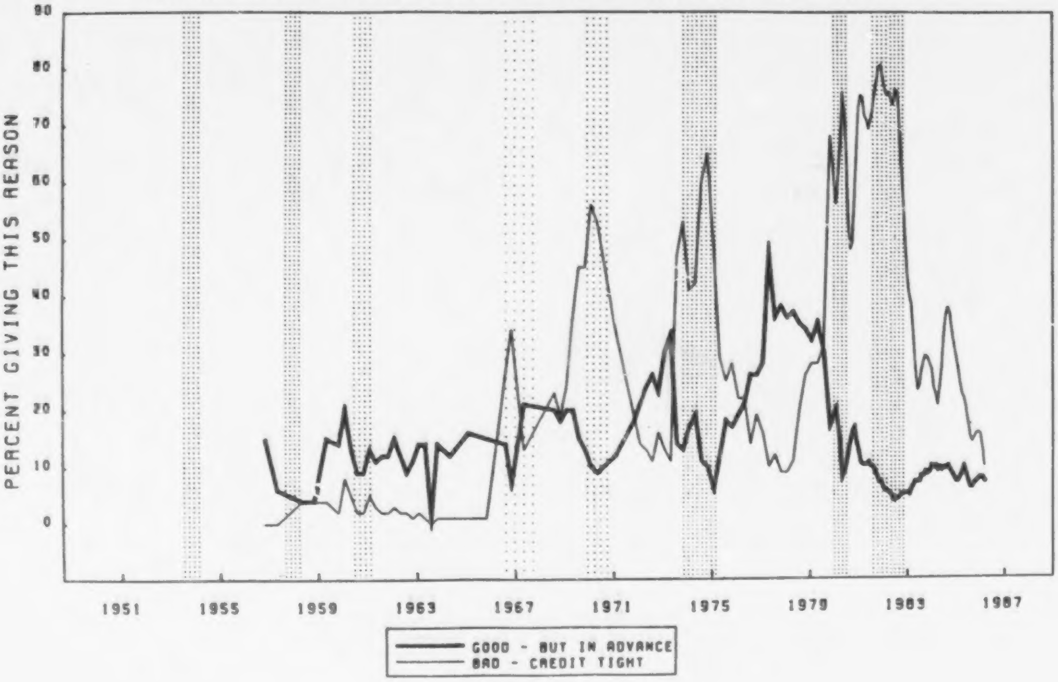


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

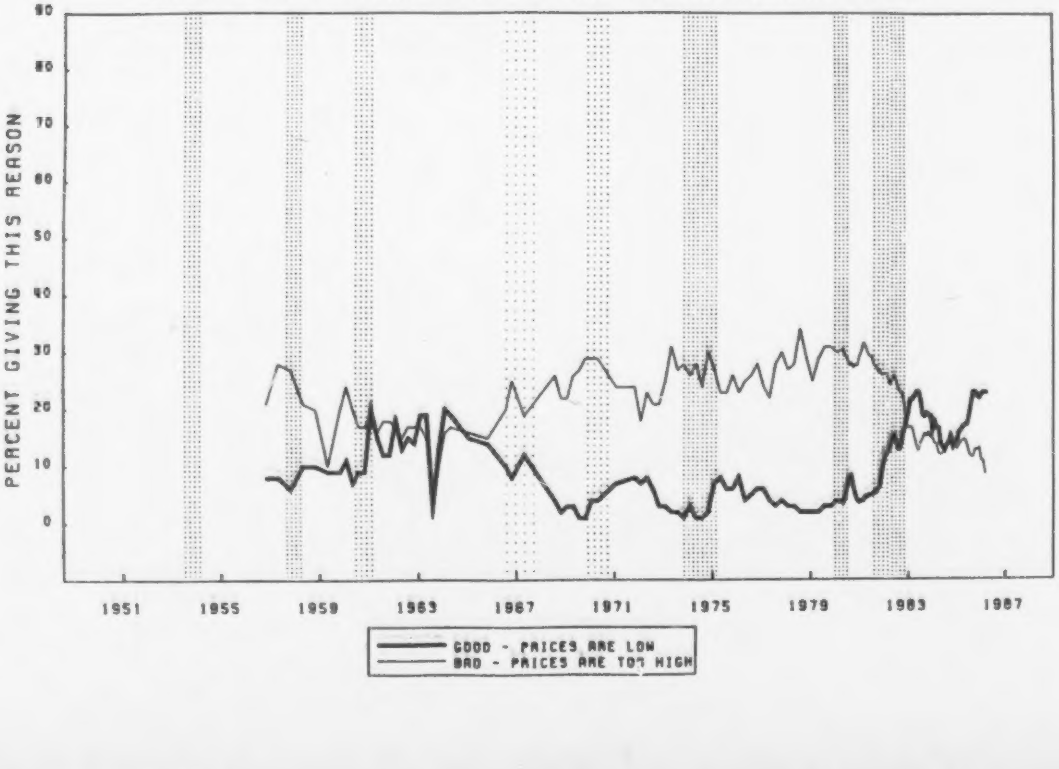


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	18%	17%	17%	18%	22%	23%	24%	22%	21%	23%	24%	22%	23%
Prices won't come down; are going higher	10	9	10	7	5	7	7	7	8	8	8	8	6
Interest rates low; credit is easy	48	47	43	56	57	58	56	55	52	53	60	64	76
Good investment	7	6	6	6	5	7	4	6	4	5	6	4	5
BAD TIME TO BUY:													
Prices are high	15	15	14	12	11	12	12	15	12	13	8	12	6
Interest rates are high; credit is tight	22	21	23	17	13	16	14	15	18	15	14	11	5
Lack of purchasing power	9	12	16	9	11	9	9	10	10	6	10	8	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

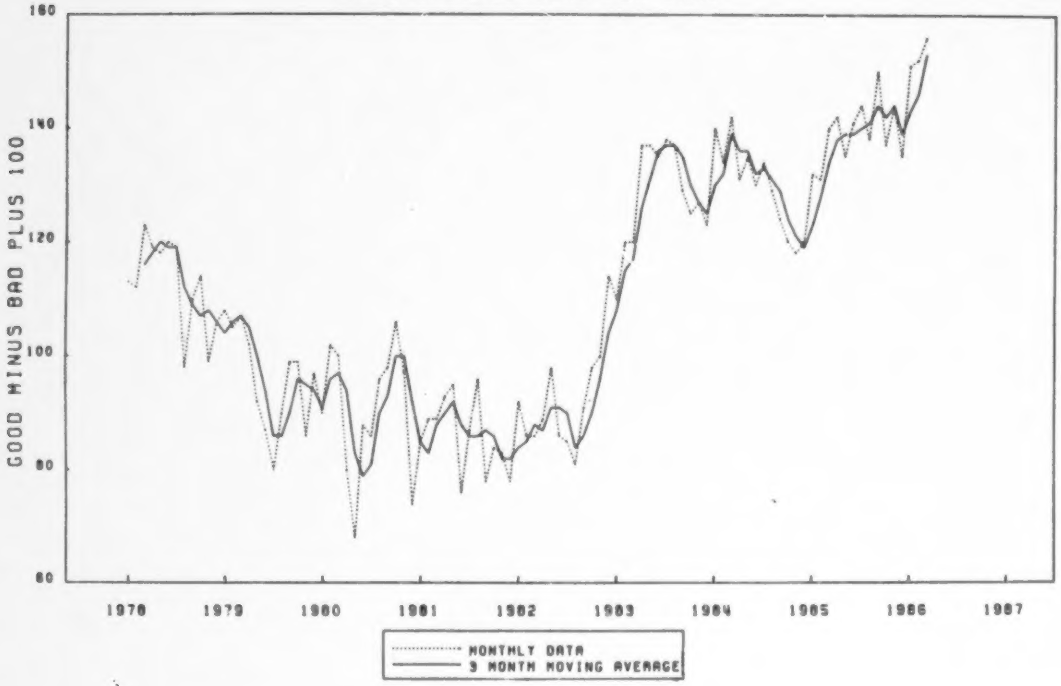


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

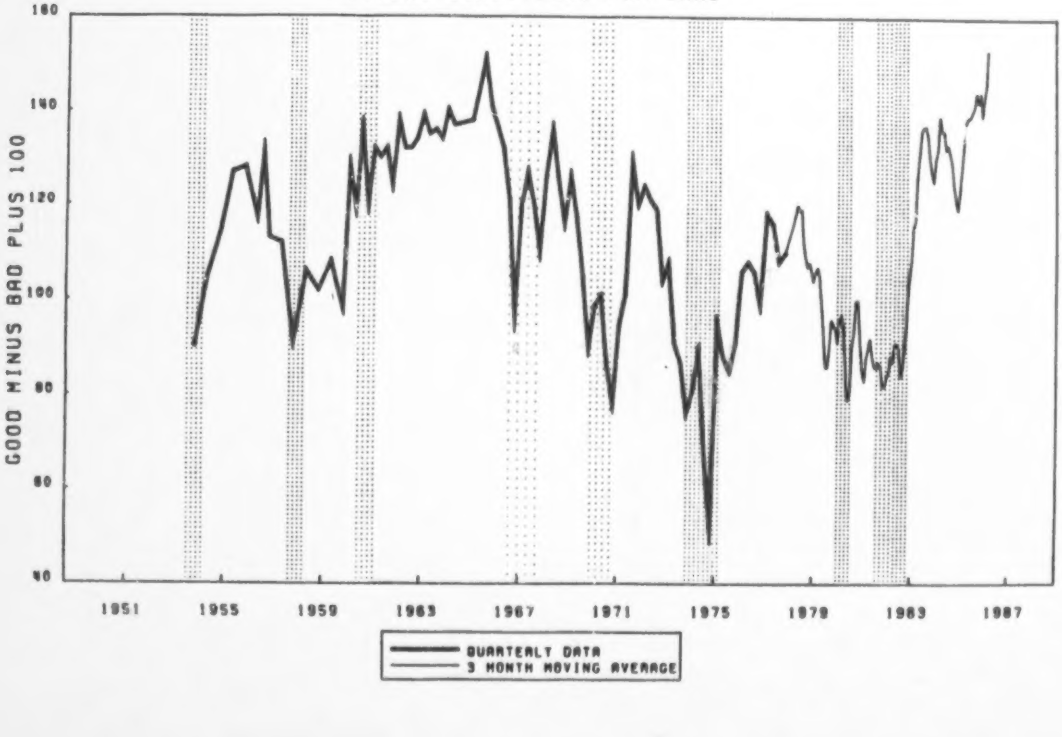


TABLE 25

BUYING CONDITIONS FOR CARS

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY	67%	68%	65%	67%	67%	64%	72%	65%	68%	63%	71%	73%	74%
UNCERTAIN; DEPENDS	6	6	5	7	10	10	6	7	8	9	9	6	8
BAD TIME TO BUY	27	26	30	26	23	26	22	28	24	28	20	21	18
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	653	675	661	652	641	650	654	652	651	652	656	656	658

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

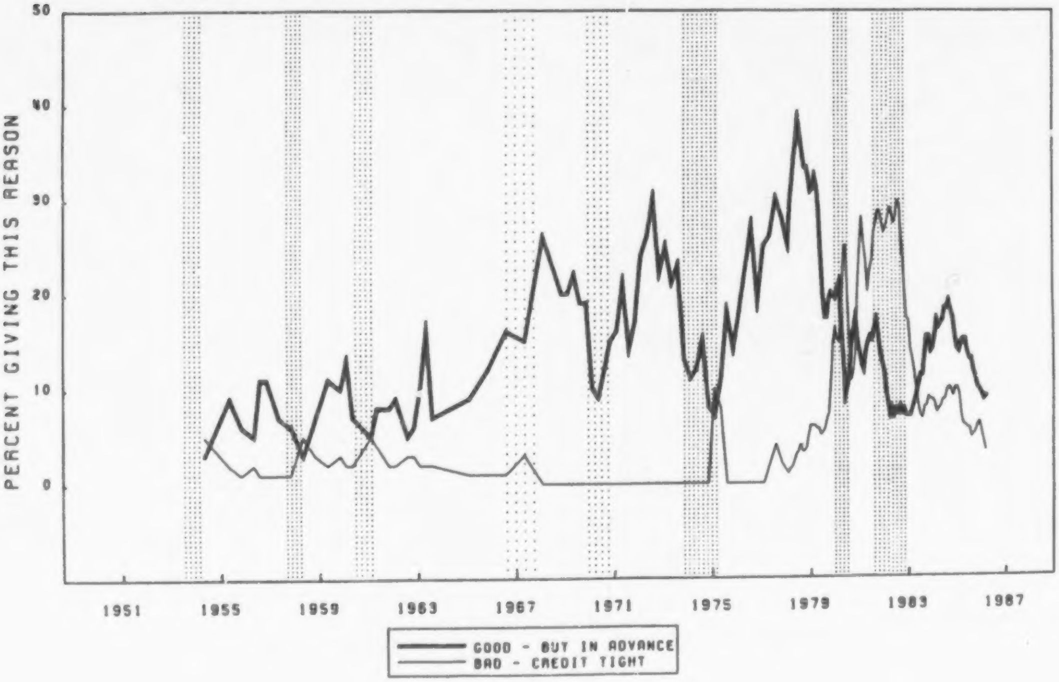


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

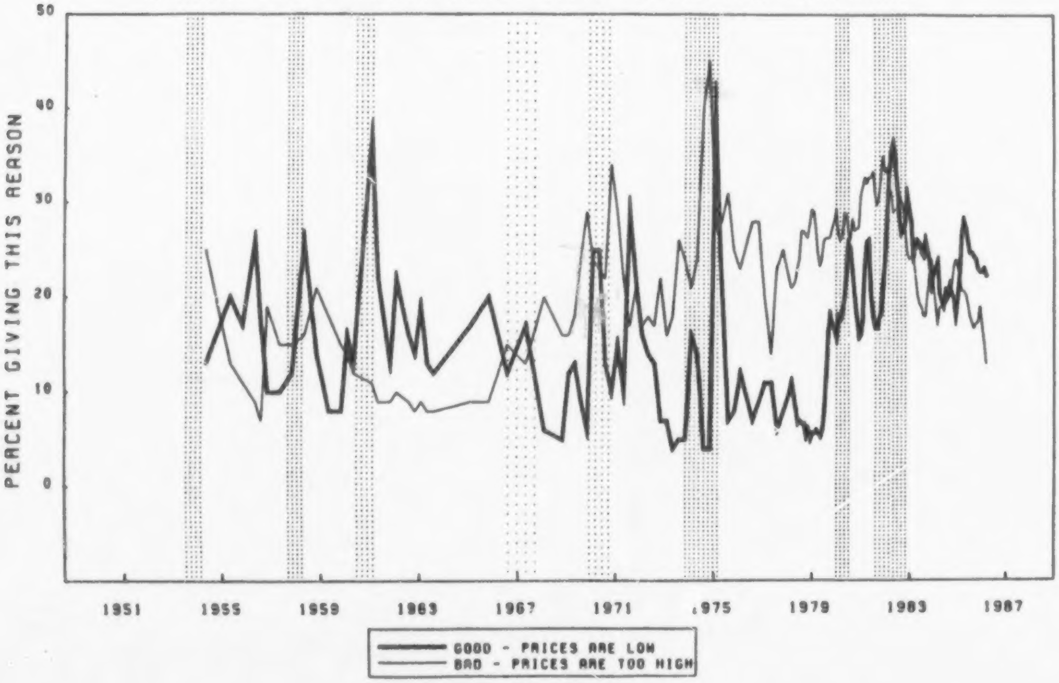


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Mar. 1985	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	30%	28%	24%	26%	24%	24%	25%	23%	21%	24%	23%	22%	22%
Prices won't come down; are going higher	17	14	14	13	12	14	9	10	11	8	9	9	9
Interest rates low; credit is easy	23	25	28	35	35	36	46	41	40	37	51	53	54
New fuel efficient models	1	1	1	1	1	1	1	1	2	1	*	1	*
BAD TIME TO BUY:													
Prices are high	20	21	20	17	17	18	15	19	18	20	13	13	13
Interest rates are high; credit is tight	5	5	8	4	5	5	5	6	7	6	3	4	3
Lack of purchasing power	6	4	6	6	6	4	4	6	4	4	5	5	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	4	3	4	3	4	3	3	1	4	4	2	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

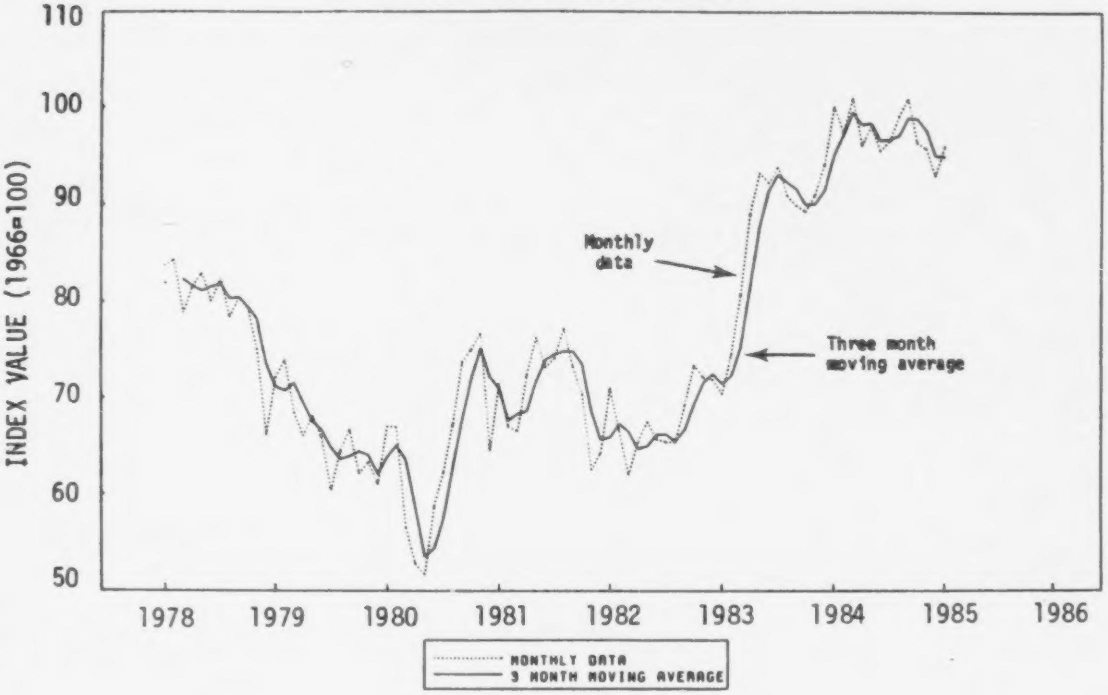
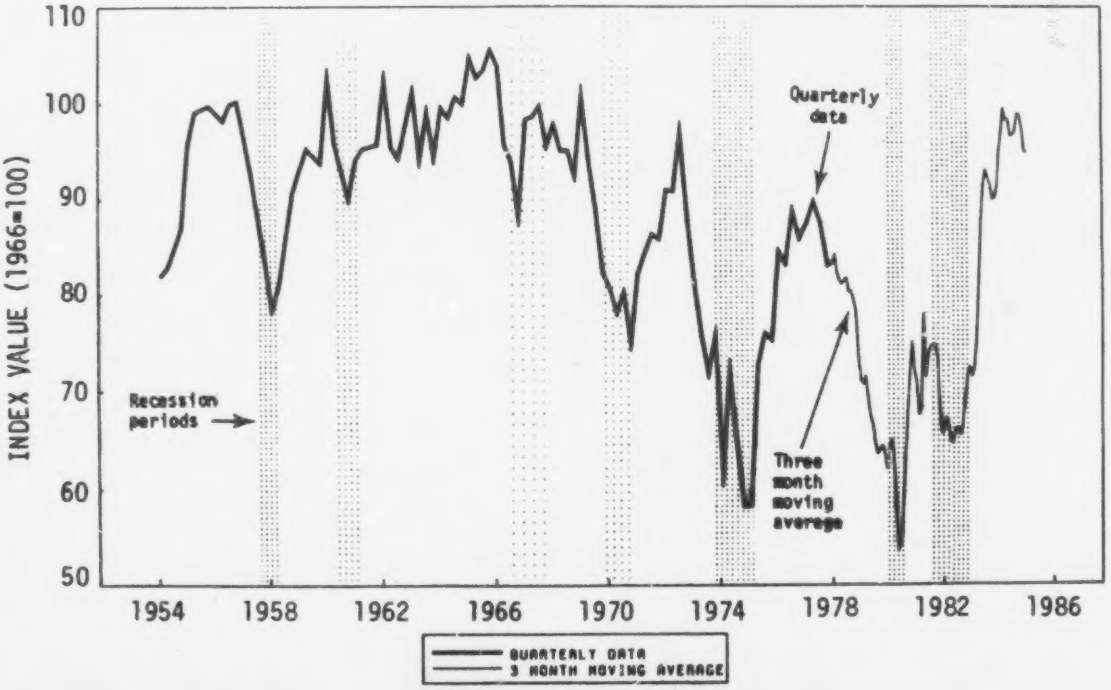


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:
November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

April 17, 1986

MARCH 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

FAVORABLE BUYING ATTITUDES REACH NEW PEAK–YET AGAIN

- In the March 1986 survey, the Index of Consumer Sentiment was 95.1, insignificantly different from the 95.9 recorded one month earlier, and the 93.7 recorded one year earlier. Reductions in interest rates and prices have established new record levels in favorable buying attitudes.

- Among families with incomes of $25,000 or more, the Index was 103.5 in the March 1986 survey, down from 104.3 one month earlier and 108.8 one year earlier.

- Favorable attitudes toward buying conditions for homes and vehicles established new record levels in the March 1986 survey, surpassing the prior peaks recorded just one month earlier. Favorable home buying attitudes were held by 82 percent of all families, up from 76 percent in February. Reduced mortgage rates were cited by the highest proportion ever recorded (73 percent), and complaints about high mortgage rates by the smallest proportion since the mid 1960s (5 percent). Moreover, fewer families complained about high housing prices in March than at any other time during the past 30 years (5 percent).

- Favorable attitudes toward buying conditions for vehicles were held by 74 percent of all families in March, just above the prior record of 73 percent in February. Reduced interest rates on vehicle loans were mentioned by a record number of consumers in support of these favorable views (51 percent).

- Interest rate declines during the year ahead were expected by 36 percent of all families in the March 1986 survey, up from 27 percent in February, and 19 percent one year earlier. Increases in interest rates were expected by 26 percent of all families in the March 1986 survey, down from 30 percent in February and 45 percent one year earlier.

- In the March 1986 survey, consumers expected the annual rate of inflation to average 3.2%, down from 4.3% one year earlier, and the lowest level recorded in more than a decade.

- Half of all families reported that business conditions in the country as a whole were better in March 1986 than a year earlier, and half of all families expected overall business conditions to remain unchanged at these improved levels during the year ahead. Although prospects for prices and interest rates have improved significantly over the past year, the outlook for employment has not. The national unemployment rate was expected to decrease by just 17 percent of all families in the March 1986 survey, down from 23 percent one year earlier.

- The personal financial situation of American families remained favorable in the March 1986 survey. Among all families, 44 percent reported that their financial situation had improved during the past year, and 37 percent expected their financial situation to improve during the year ahead.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

Favorable Buying Attitudes Set New Record

Favorable home buying attitudes were held by 82 percent of all families in the March 1986 survey, up from 64 percent one year earlier, and the highest proportion ever recorded. The prior peak was 76 percent recorded in February 1986. Favorable perceptions of interest rates and prices were the main reasons supporting these very favorable home buying attitudes.

The current availability of reduced mortgage rates was mentioned by 73 percent of all families in March, up from 38 percent one year earlier, and the highest level ever recorded. Complaints about high mortgage interest rates were made by just 5 percent of all families in the March 1986 survey, down from 22 percent one year earlier, and the lowest level recorded since the mid 1960s. Trends in home buying attitudes during the past four years clearly demonstrate the dominant role of interest rates. From March 1982 to March 1986, favorable home buying attitudes rose from 17 to 82 percent. During that same time, complaints about high mortgage interest rates fell from 78 to 6 percent, while references to reduced mortgage interest rates rose from 4 to 73 percent.

Favorable references to current home prices were made by 23 percent of all families in the March 1986 survey, nearly four times as many as held unfavorable perceptions of home prices. Just 6 percent of all families complained about high housing prices in the March 1986 survey, down from 15 percent one year earlier, and the lowest level recorded during the past 30 years. In comparison with the mid 1970s peak in home buying attitudes, the mid 1980s peak has been due to distinctly different price rationales. In the May 1977 survey, when home buying attitudes reached their peak cyclical level, they were almost exclusively based on the rationale that home prices would only increase in the future, thus making future buying conditions worse. At the mid 1970s peak, 46 percent of all families gave buy-in-advance rationales when asked to explain their view, while just 4 percent mentioned the availability of currently low prices. At the mid 1980s peak, nearly four times as many families held positive views of current home prices than cited buy-in-advance rationales (23 versus 6 percent).

Favorable attitudes toward buying conditions for vehicles were held by 74 percent of all families in the March 1986 survey, just above the prior record of 73 percent recorded in February 1986. References to reduced interest rates on vehicle loans were made by 51 percent of all families in the March 1986 survey, up from 21 percent one year earlier, and the highest level ever recorded. Complaints about high interest rates on vehicle loans were made by just 3 percent of all families in March. Compared with a year earlier, fewer consumers mentioned the availability of price discounts on vehicles (23, down from 30 percent); references to high prices, however, declined by a similar amount (13, down from 20 percent).

Buying conditions for large household durables were viewed favorably by 75 percent of all families in the March 1986 survey, somewhat below the 78 percent recorded in February, and the all time record of 80 percent recorded in January 1986. References to the availability of price discounts were made by 37 percent of all families in the March survey, compared with 8 percent that referred to high prices on household durables. This represents a slight decline from the January peak when favorable outnumbered unfavorable references to prices by a margin of 43 to 5 percent.

Personal Finances Remain Favorable

The financial situation of American families remained favorable in the most recent survey, as it has been for nearly three years. Among all families in the March 1986 survey, 44 percent reported that their financial situation had improved during the prior year, above the 40 percent recorded one year earlier. Not since the 1960s have consumers' assessments of their own financial progress been this favorable for as long a period of time. When asked how their financial situation had changed during the past year, income increases were reported by 34 percent of all families in the March 1986 survey, unchanged from one year earlier. More importantly, fewer consumers than at any time since 1966 complained about the erosion of living standards due to inflation—10 percent in the March 1986 survey.

When asked about prospects for their financial situation during the year ahead, consumers continued to hold a positive outlook in the March 1986 survey. Some moderation in financial prospects can be traced to the expectation that income increases will be smaller during the year ahead. But because inflation expectations have declined to a greater extent than income expectations, the outlook for real income gains has remained favorable. Just 13 percent of all families in the March 1986 survey expected their overall financial situation to worsen, unchanged from the year earlier reading.

U7475-2A

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

APRIL 1986

The April 1986 survey is the 211th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

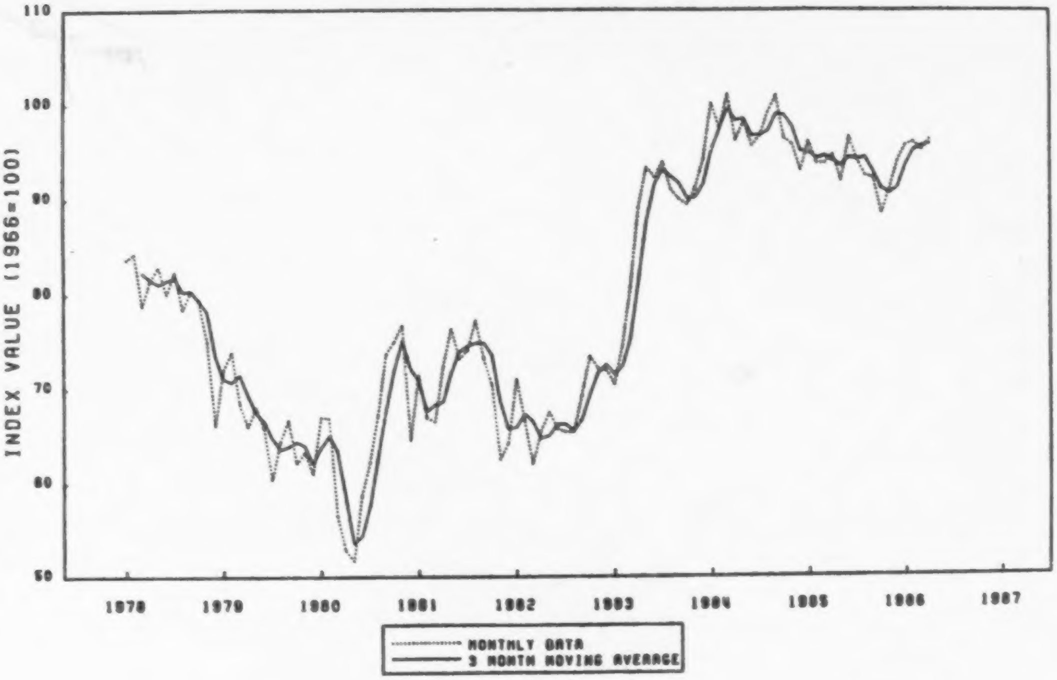


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

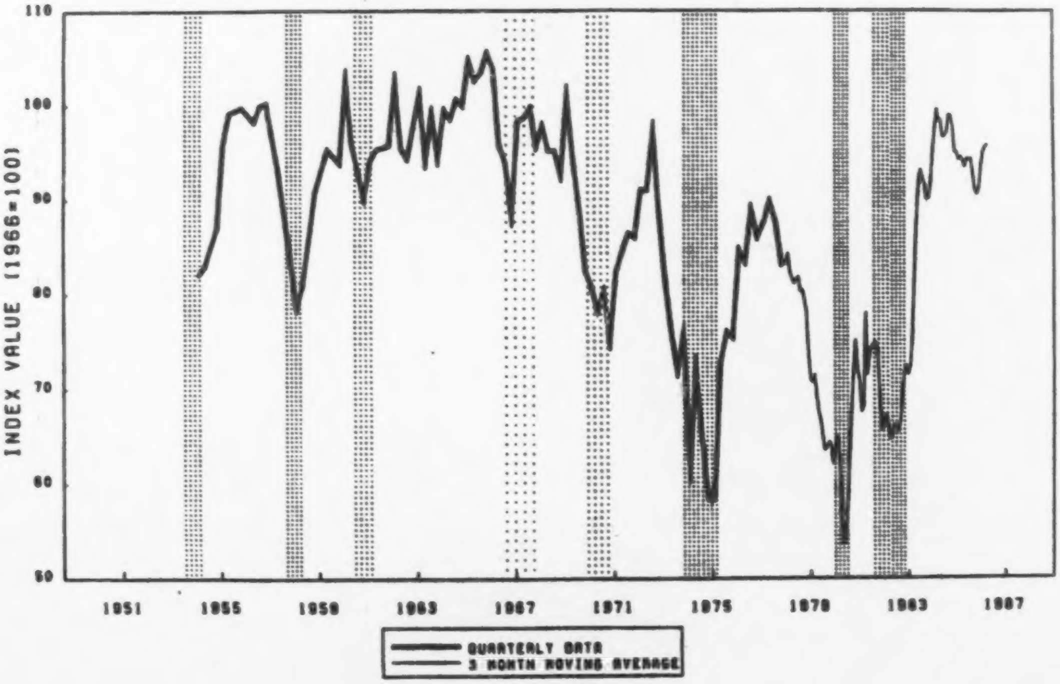


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
April 1983	89.1	100.9	
May 1983	93.3	101.7	
June 1983	92.2	104.1	
July 1983	93.9	108.9	
August 1983	90.9	109.5	
September 1983	89.9	103.7	
October 1983	89.3	103.6	
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

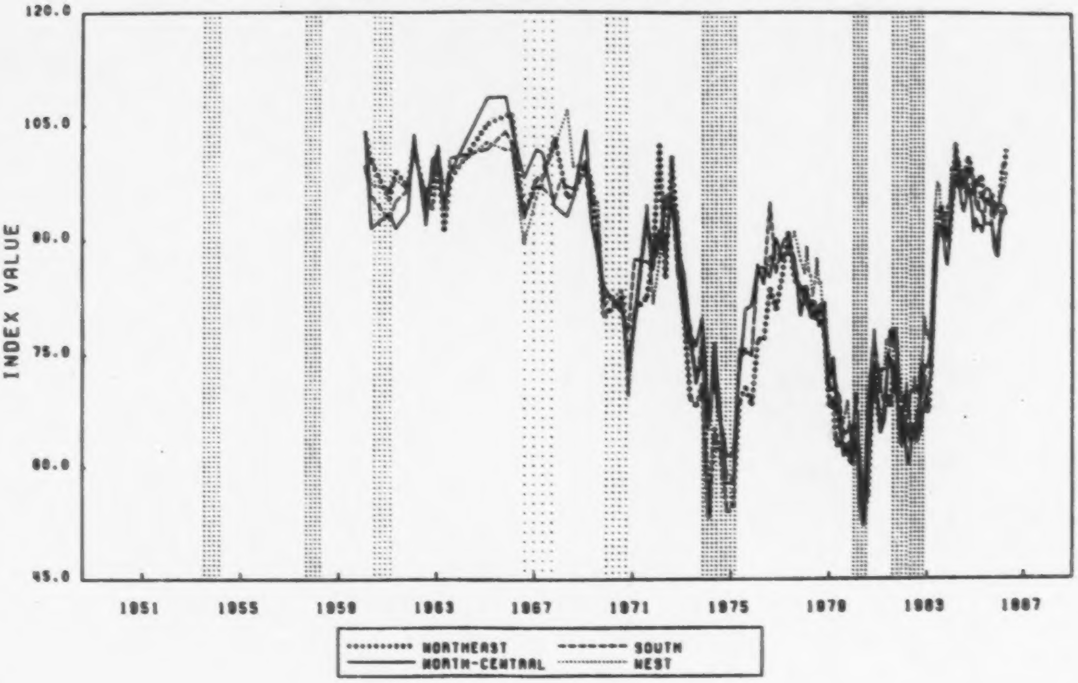


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

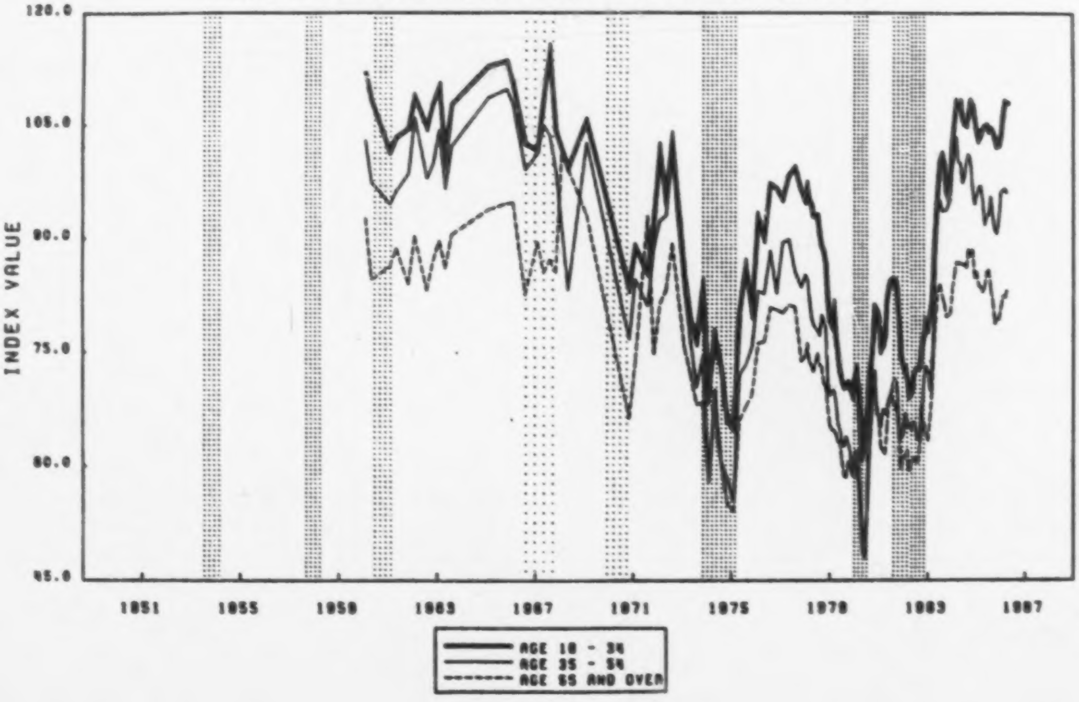


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

	CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY	North East	North Central	South	West	18-34	35-54	55+
April 1983	89.1	88.0	87.2	95.6	95.8	90.5	80.5
May 1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June 1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July 1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August 1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

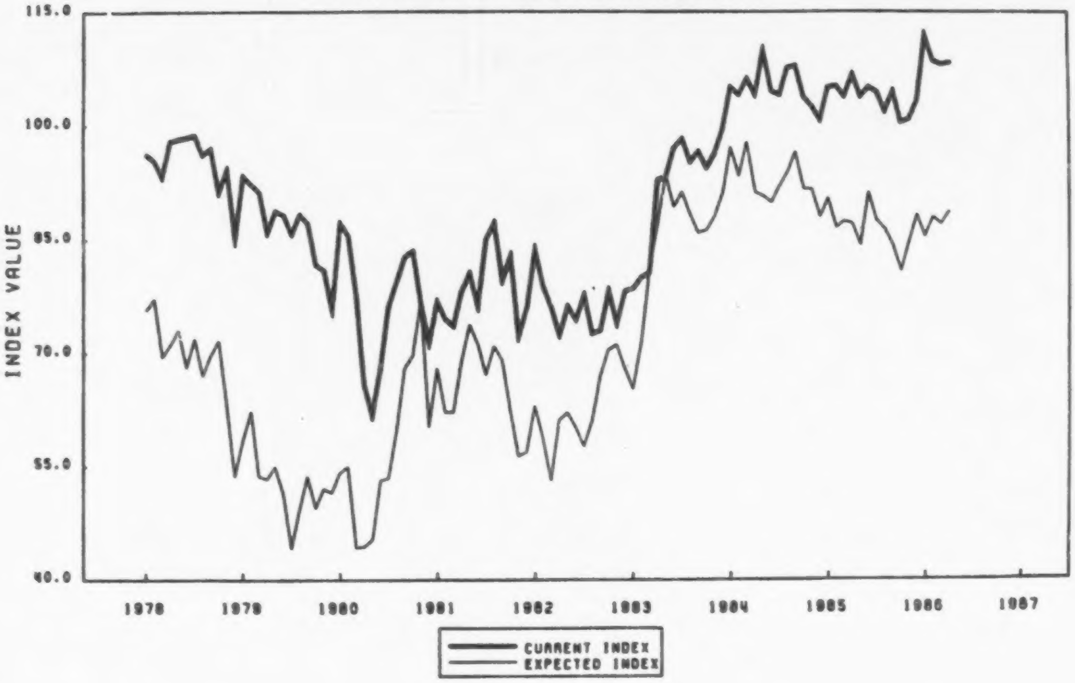


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

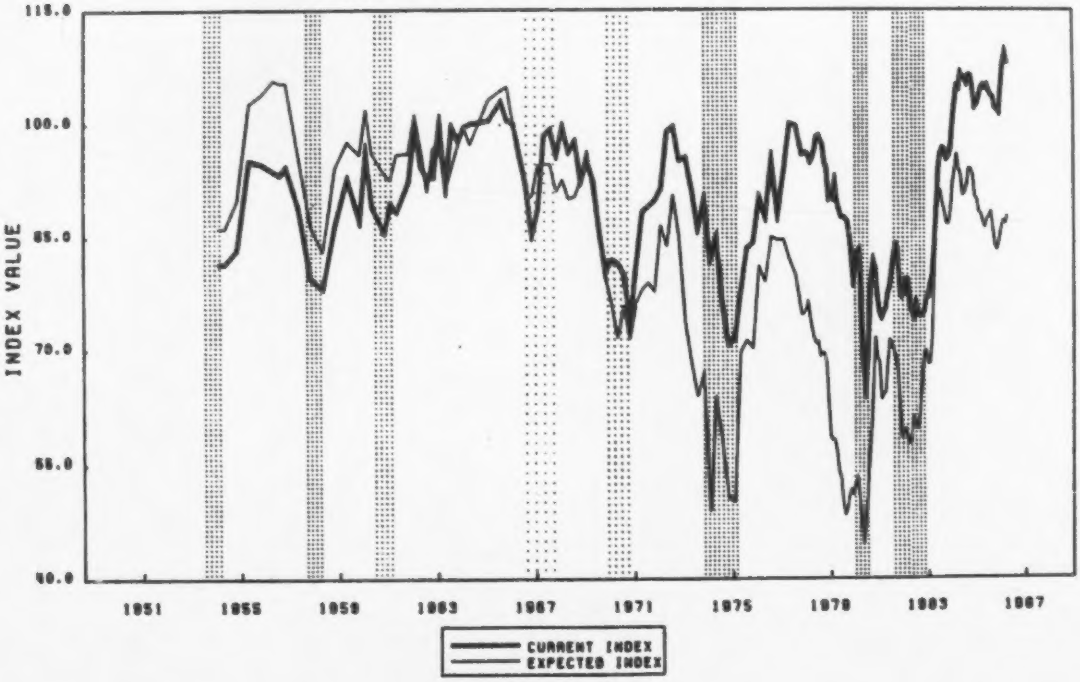


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		INDEX COMPONENTS + Personal finances Current (1)	 Expected (2)	 Business conditions 12 months (3)	 5 years (4)	 Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
April	1983	108	131	120	99	131	92.7	86.9
May	1983	101	137	139	100	139	93.1	93.4
June	1983	110	128	134	97	141	96.9	89.2
July	1983	111	126	136	104	143	98.1	91.1
August	1983	106	124	130	100	140	95.1	88.2
September	1983	109	125	125	95	140	96.4	85.8
October	1983	104	124	124	98	140	94.3	86.1
November	1983	111	127	129	98	138	96.1	87.9
December	1983	123	125	140	102	134	99.3	91.0
January	1984	117	129	154	108	155	104.9	97.0
February	1984	119	130	139	106	151	103.9	93.2
March	1984	122	135	146	113	153	106.0	97.7
April	1984	116	125	136	107	152	103.5	91.4
May	1984	121	129	131	105	164	109.8	90.6
June	1984	126	124	131	106	145	104.4	89.8
July	1984	117	124	133	113	152	103.9	91.9
August	1984	125	129	137	111	153	107.5	93.7
September	1984	125	131	142	116	154	107.8	96.4
October	1984	118	127	134	107	150	103.6	91.6
November	1984	121	129	132	107	144	102.4	91.5
December	1984	118	125	131	98	143	100.6	87.9
January	1985	119	124	135	104	153	104.9	90.3
February	1985	115	120	131	96	158	105.1	86.5
March	1985	112	123	133	96	156	103.7	87.3
April	1985	116	127	128	95	161	106.6	87.0
May	1985	116	120	121	97	152	103.7	84.2
June	1985	115	127	133	106	157	104.9	91.1
July	1985	116	124	129	98	154	104.3	87.4
August	1985	112	123	125	99	152	101.8	86.3
September	1985	116	124	118	96	155	104.3	84.2
October	1985	111	123	111	90	148	100.3	80.8
November	1985	111	124	120	96	150	100.7	84.5
December	1985	120	124	127	103	147	103.1	88.1
January	1986	122	123	126	93	168	111.8	85.3
February	1986	117	123	132	98	164	108.4	87.8
March	1986	120	124	129	96	160	107.9	86.9
April	1986	120	128	133	94	160	108.1	88.5

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

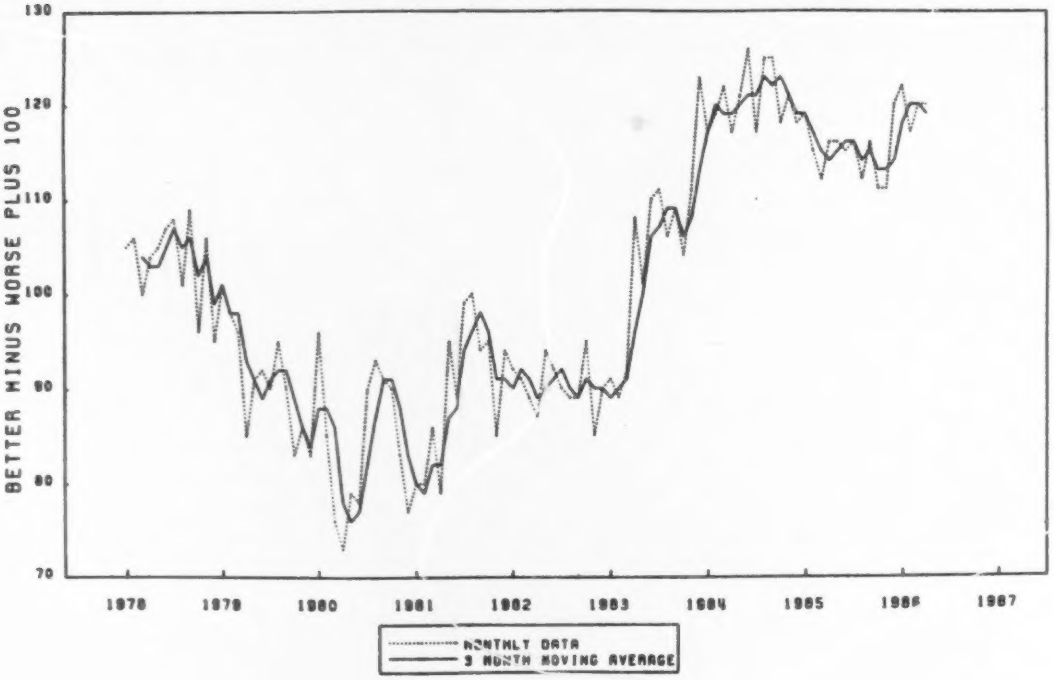


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

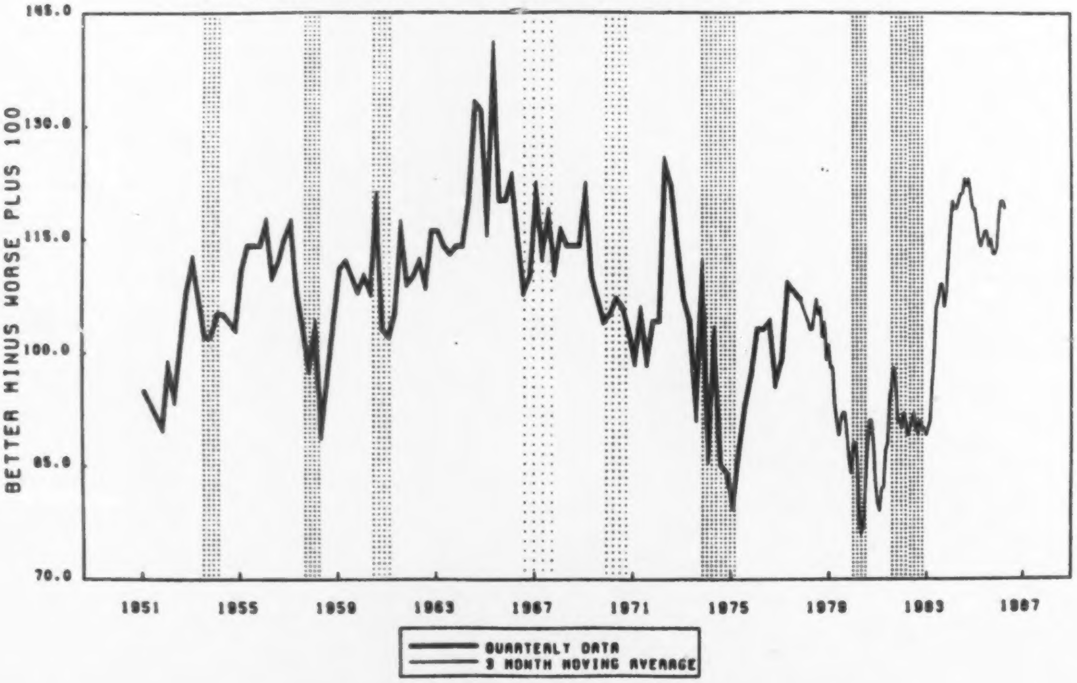


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
BETTER OFF	41%	40%	43%	42%	41%	43%	39%	38%	46%	45%	44%	44%	45%
SAME	34	36	29	32	29	28	33	34	28	32	29	32	30
WORSE OFF	25	24	28	26	29	27	28	27	26	23	27	24	25
DK,NA	*	*	*	*	1	2	*	1	*	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

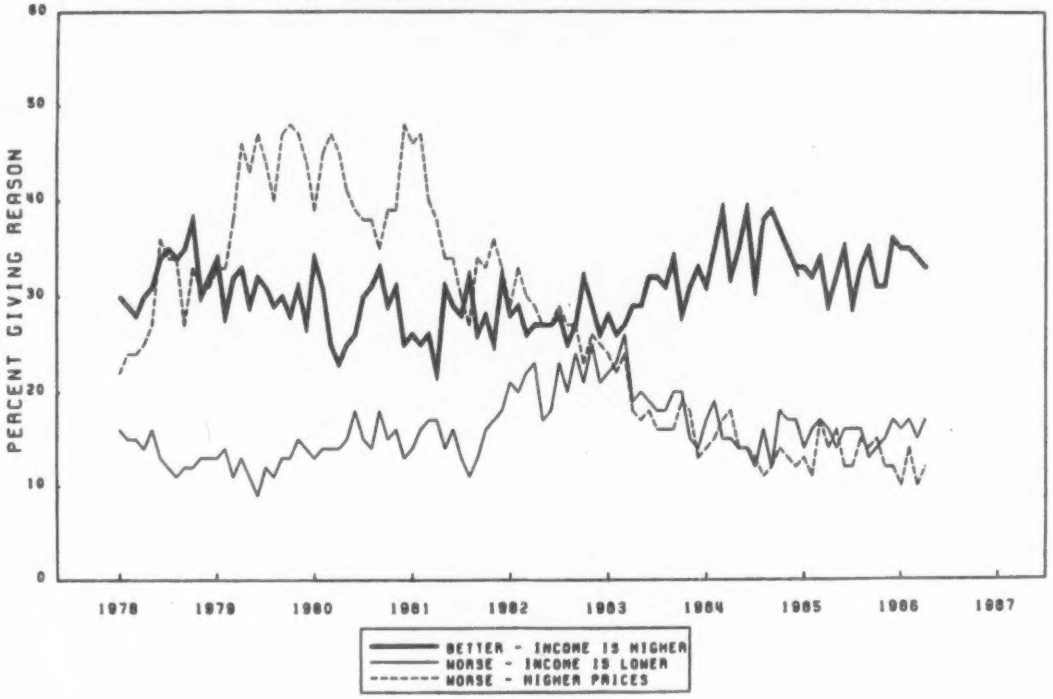


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

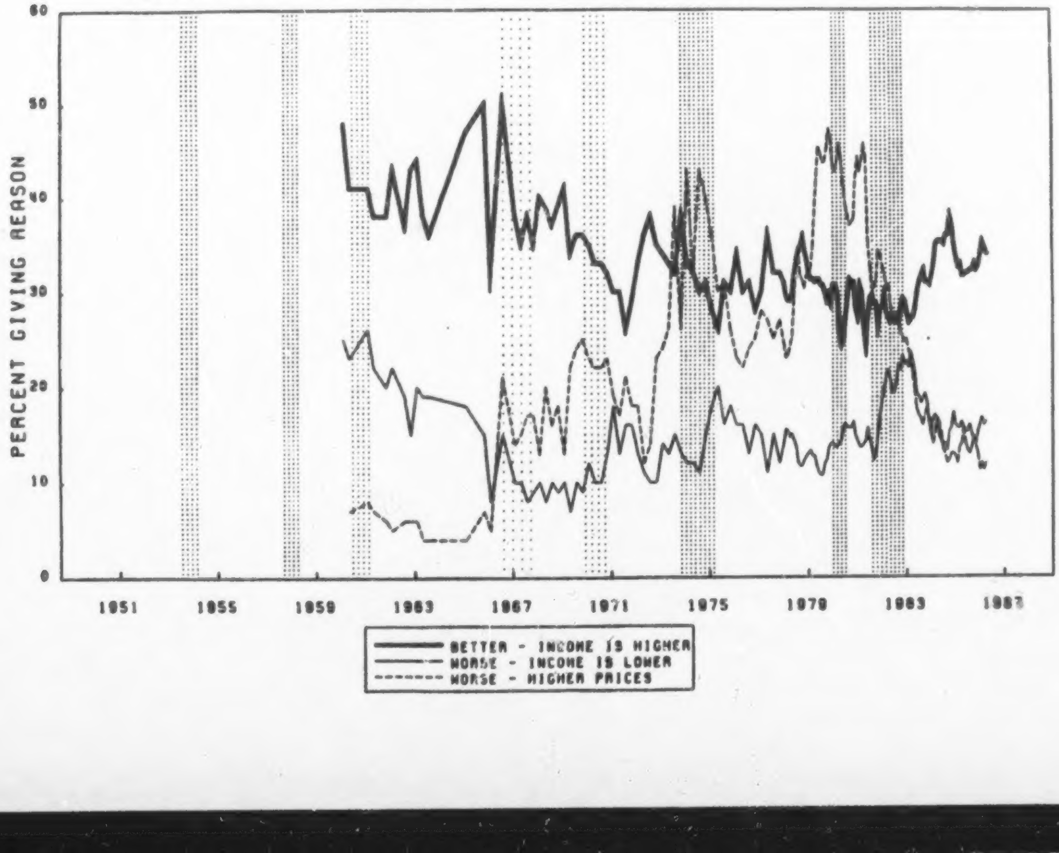


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	29%	32%	35%	29%	33%	35%	31%	31%	36%	35%	35%	34%	33%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	14	16	16	16	13	14	15	17	16	17	15	17
Higher prices	14	16	12	12	15	14	15	12	12	10	14	10	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
BETTER NOW	51%	53%	56%	56%	51%	52%	47%	50%	52%	52%	51%	53%	61%
SAME	17	13	14	13	16	14	16	12	16	17	15	13	9
WORSE NOW	29	33	28	30	31	31	35	35	31	29	32	32	29
DK,NA	3	1	2	1	2	3	2	3	1	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
SAME OR DOWN	22%	20%	19%	24%	26%	26%	23%	25%	21%	24%	28%	36%	35%
WILL GO UP BY:													
1-2%	13	17	16	19	18	18	13	14	11	16	16	13	15
3-4%	20	20	21	20	21	17	21	20	22	24	19	16	18
5%	16	20	19	14	16	14	15	16	18	14	17	15	11
6-9%	8	6	6	8	6	6	6	6	6	6	6	4	5
10-14%	11	7	9	6	6	9	12	9	9	6	5	6	7
15% or more	6	6	6	4	4	5	5	5	7	5	3	3	4
DK how much up	3	2	2	4	2	3	4	3	5	4	4	6	4
DK,NA	1	2	2	1	1	2	1	2	1	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6
VARIANCE	44	46	51	49	21	46	41	42	43	47	38	39	42
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

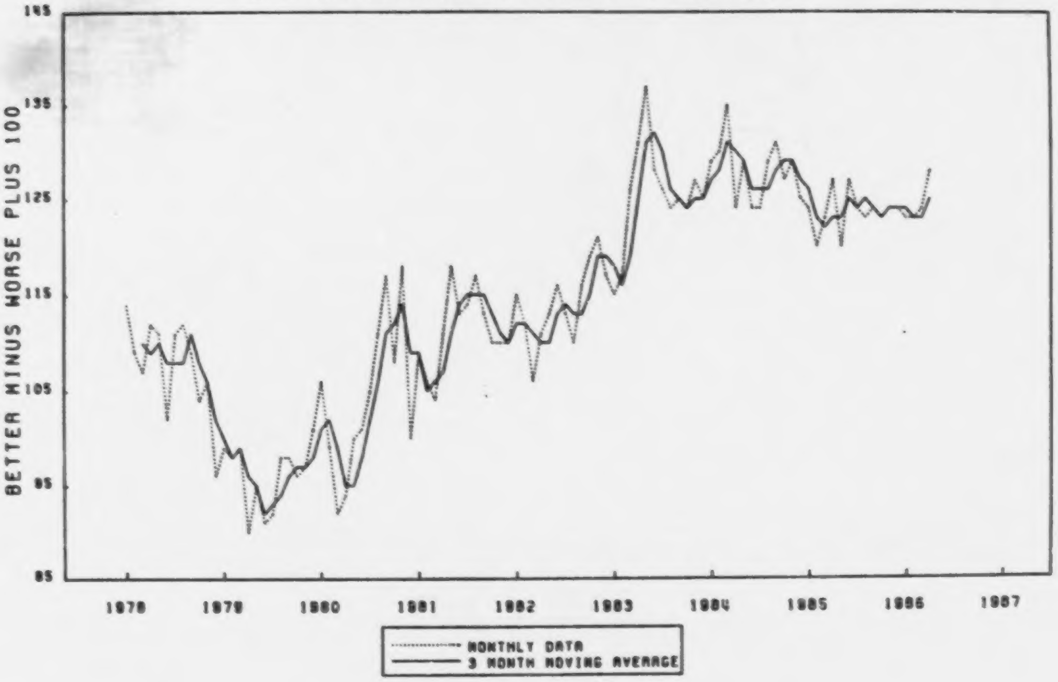


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

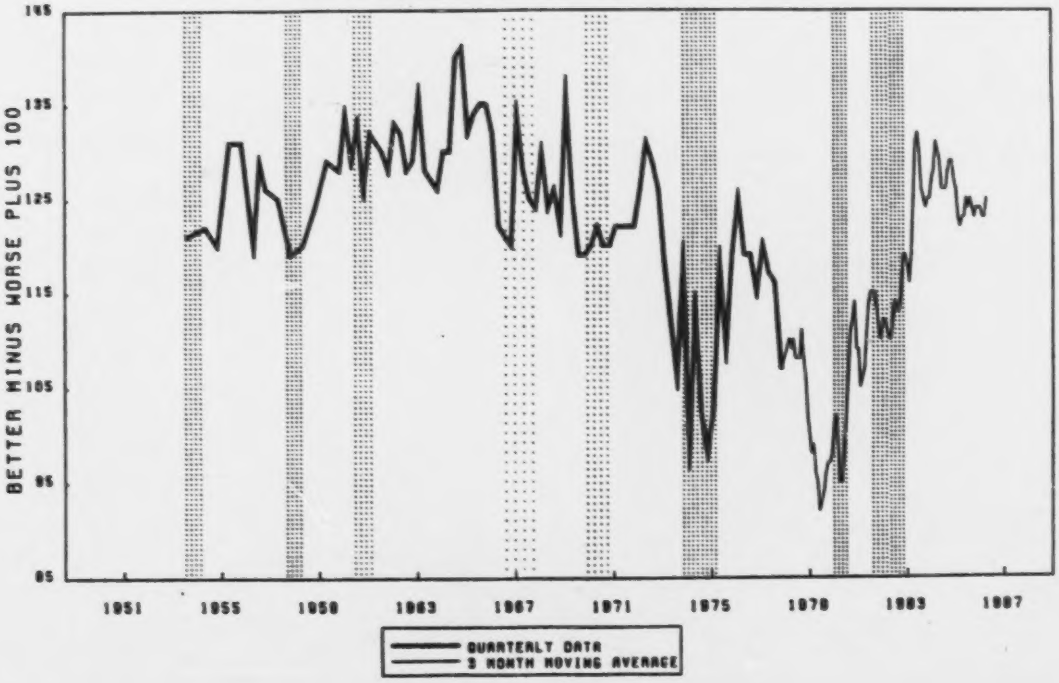


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
BETTER OFF	37%	34%	36%	35%	36%	35%	33%	36%	33%	35%	35%	37%	38%
SAME	49	49	52	51	48	50	54	48	55	50	50	47	49
WORSE OFF	10	14	9	11	13	11	10	12	9	12	12	13	10
DK,NA	4	3	3	3	3	4	3	4	3	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

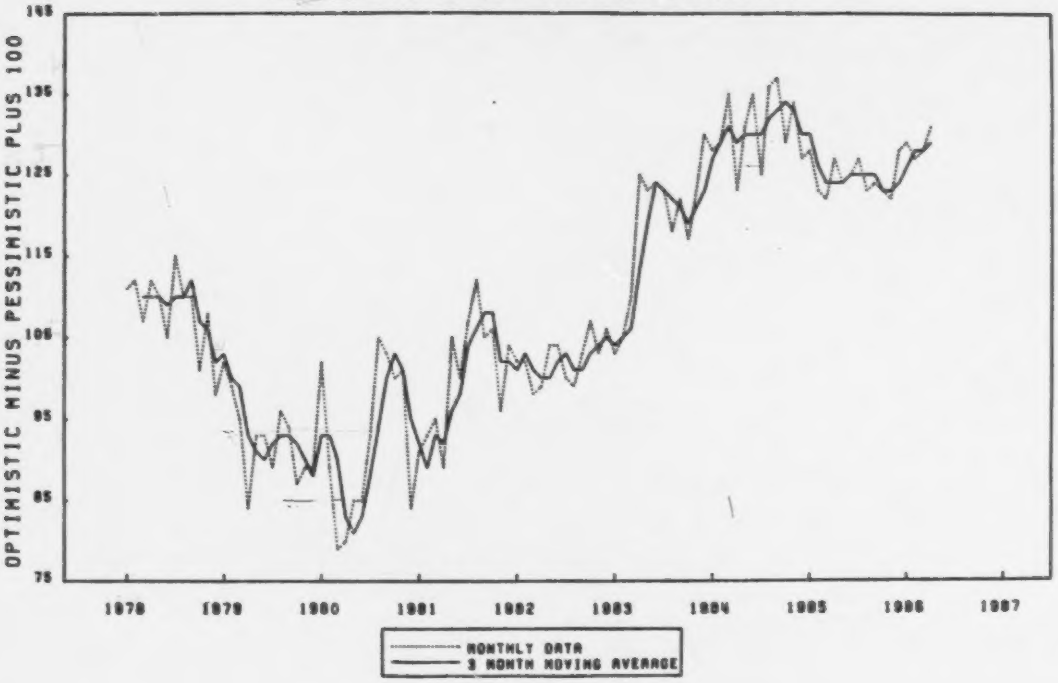


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

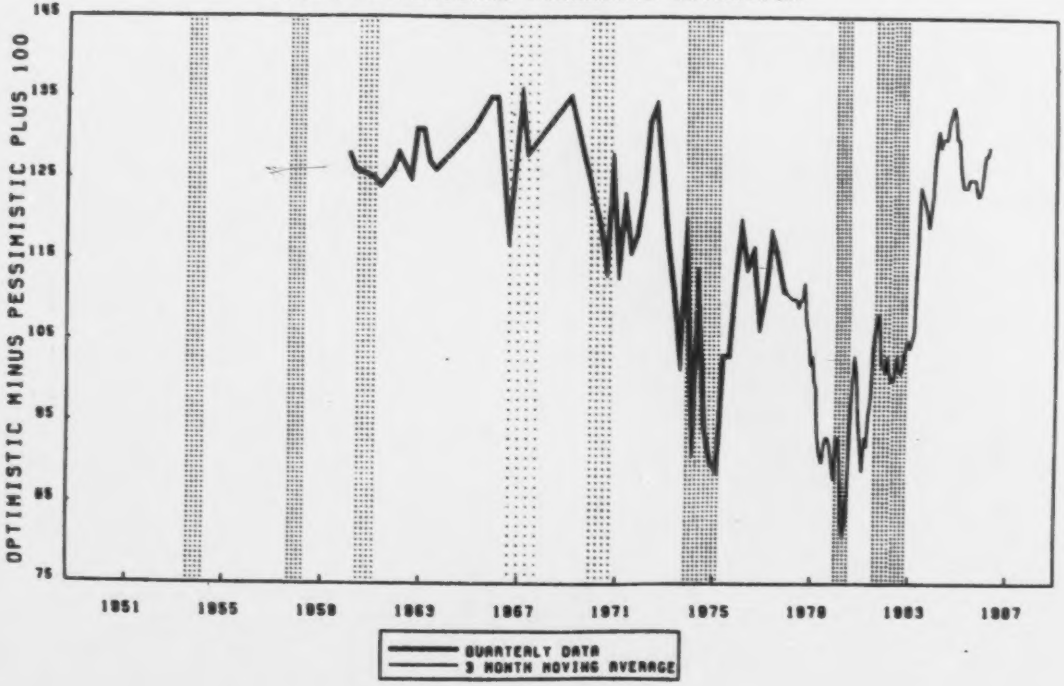


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	20%	22%	20%	19%	22%	18%	19%	20%	21%	20%	22%	23%
Intermittant increase (b)	26	26	25	26	25	24	26	25	29	29	29	27	28
Remain unchanged (c)	20	21	19	21	19	18	23	20	18	18	16	18	16
Intermittant decline (d)	16	16	17	13	14	15	15	17	17	16	16	14	16
Continuous decline (e)	5	6	5	6	7	7	6	5	4	5	6	7	4
Mixed change (f)	8	8	9	10	12	9	9	10	10	9	11	9	10
DK,NA	3	3	3	4	4	5	3	4	2	2	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

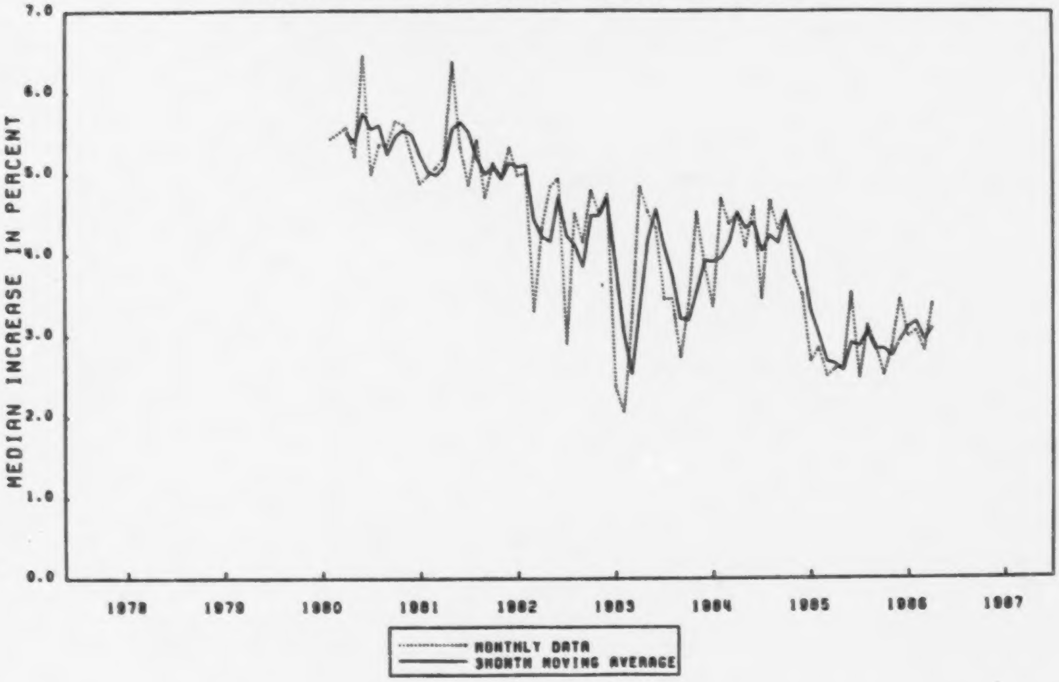


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

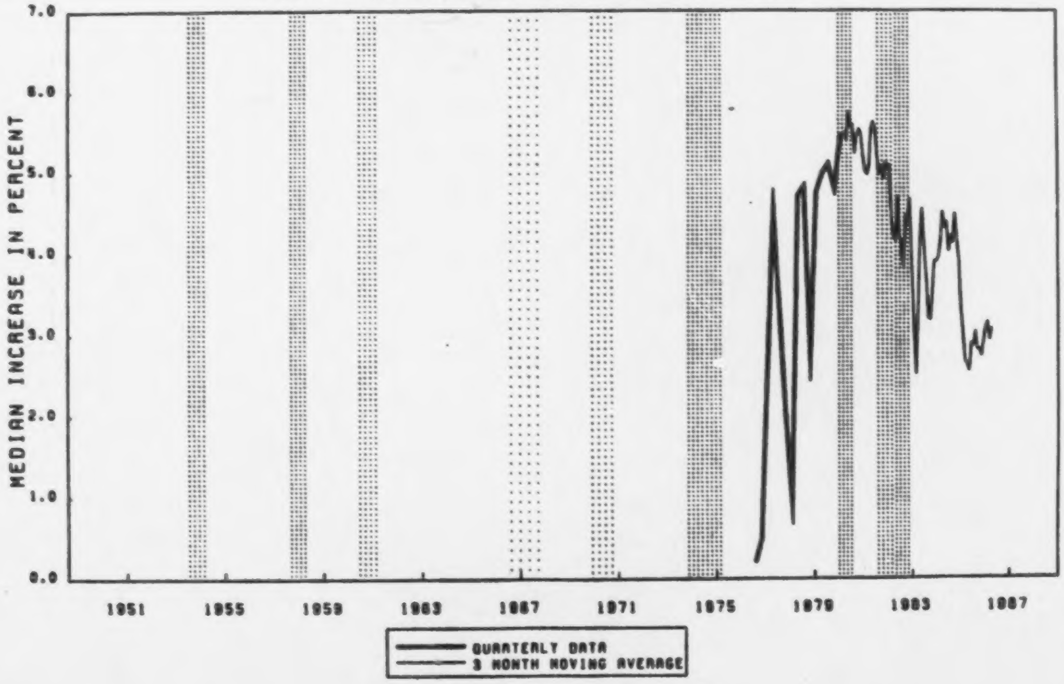


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
EXPECT INCREASE:													
1-4%	11%	16%	11%	13%	13%	13%	13%	17%	14%	11%	17%	16%	13%
5%	9	9	11	11	10	9	7	9	11	12	10	10	9
6-9%	7	5	7	7	8	8	8	8	8	7	8	6	8
10-24%	17	16	16	14	18	14	17	14	17	16	16	14	19
25% or more	8	7	10	6	5	8	6	6	6	7	6	7	7
DK how much up	3	4	4	3	3	4	5	4	5	4	3	4	3
EXPECT SAME	30	28	26	28	29	28	29	26	25	28	27	27	25
EXPECT DOWN	14	13	14	16	12	13	14	14	12	14	12	15	15
DK,NA	1	2	1	2	2	3	1	2	2	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

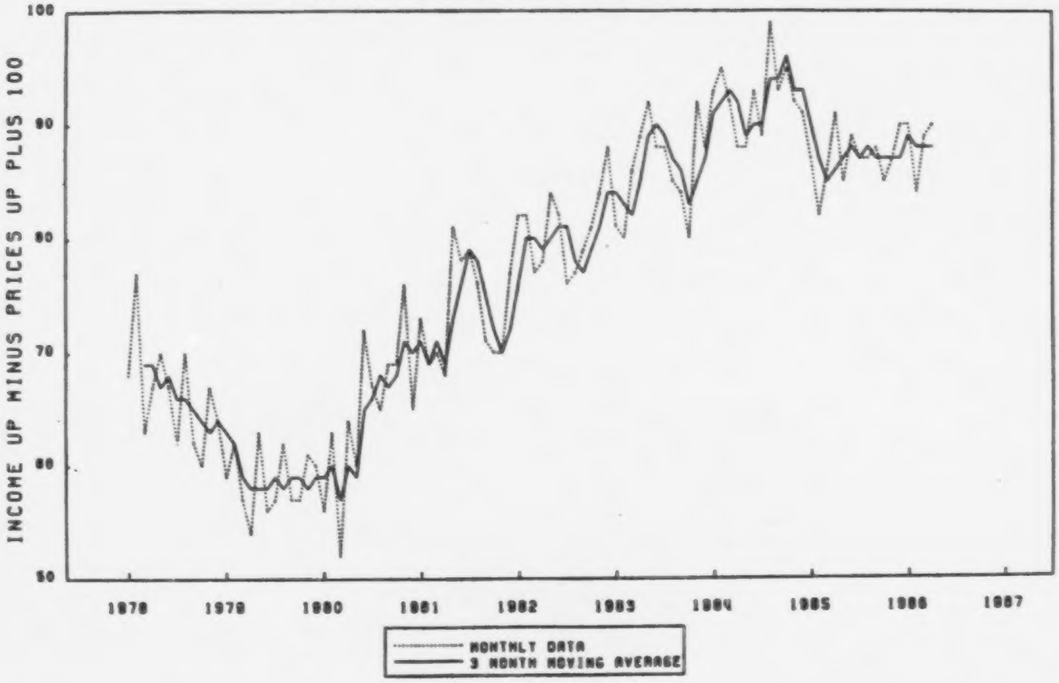


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

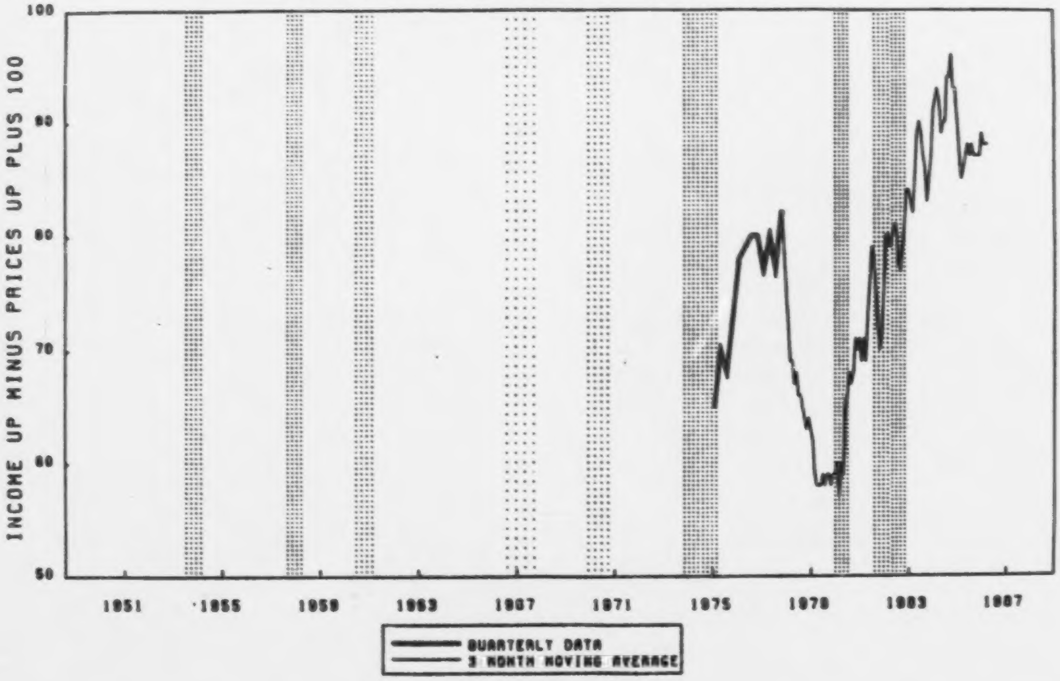


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
INCOME UP MORE	23%	22%	19%	19%	22%	22%	20%	20%	23%	21%	19%	21%	21%
INCOME UP SAME	42	39	48	47	40	42	43	43	42	47	43	44	45
PRICES UP MORE	32	37	30	32	35	34	35	33	33	31	35	32	31
DK,NA	3	2	3	2	3	2	2	4	2	1	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

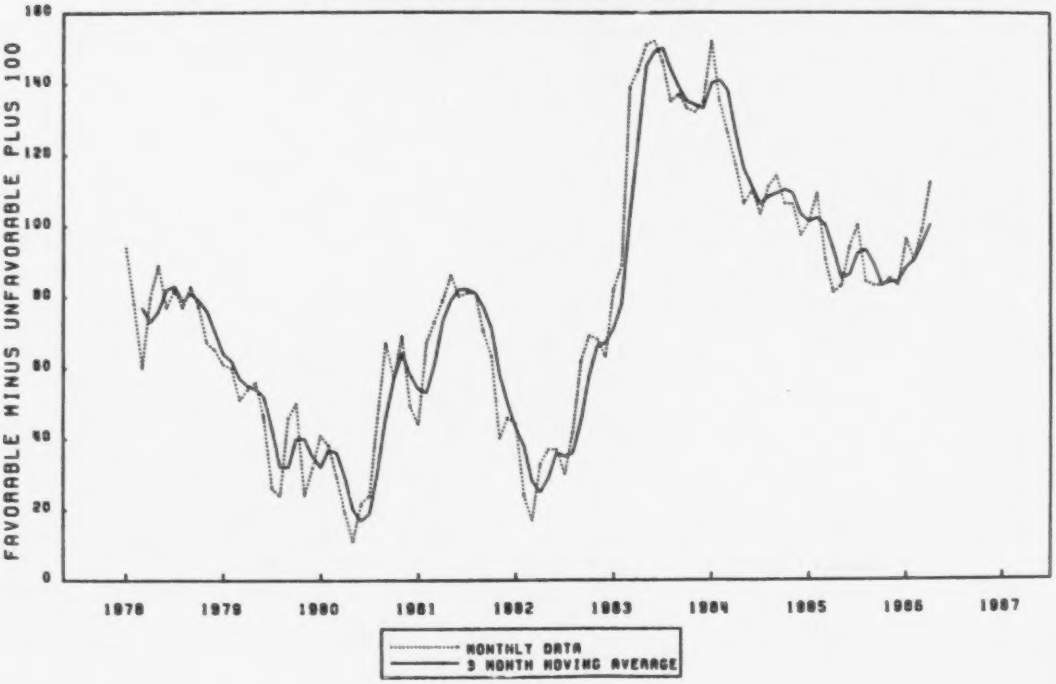


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

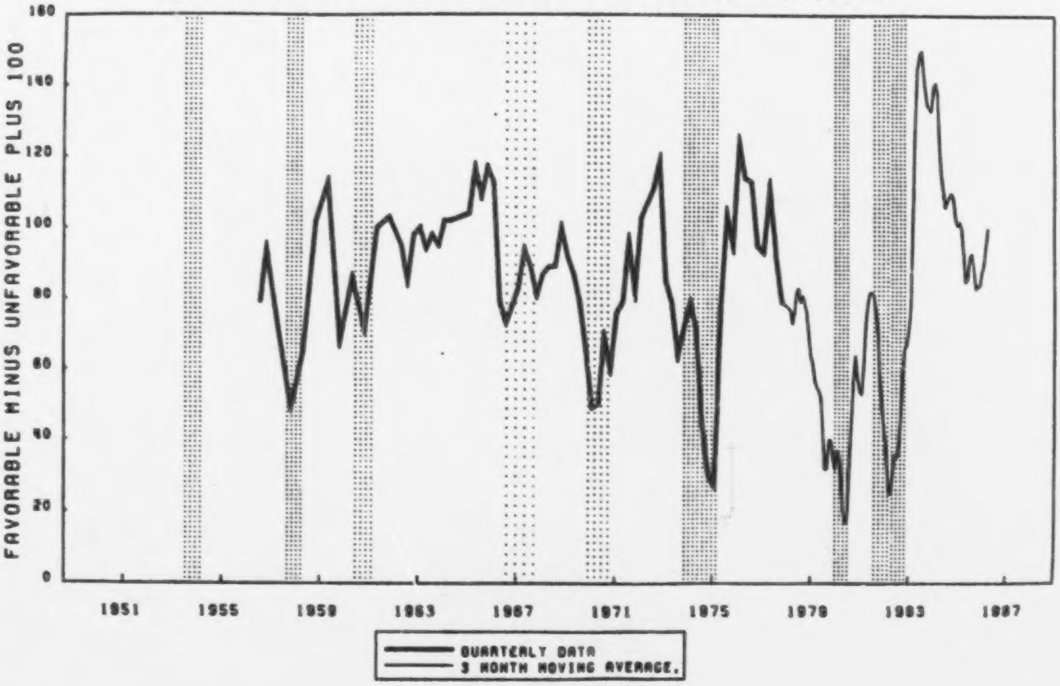


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
FAVORABLE NEWS	30%	30%	37%	40%	30%	31%	28%	32%	33%	37%	34%	46%	55%
UNFAVORABLE NEWS	49	47	43	40	46	48	45	47	50	41	44	47	43
NO MENTIONS	49	48	50	46	49	47	52	47	47	47	46	43	38

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

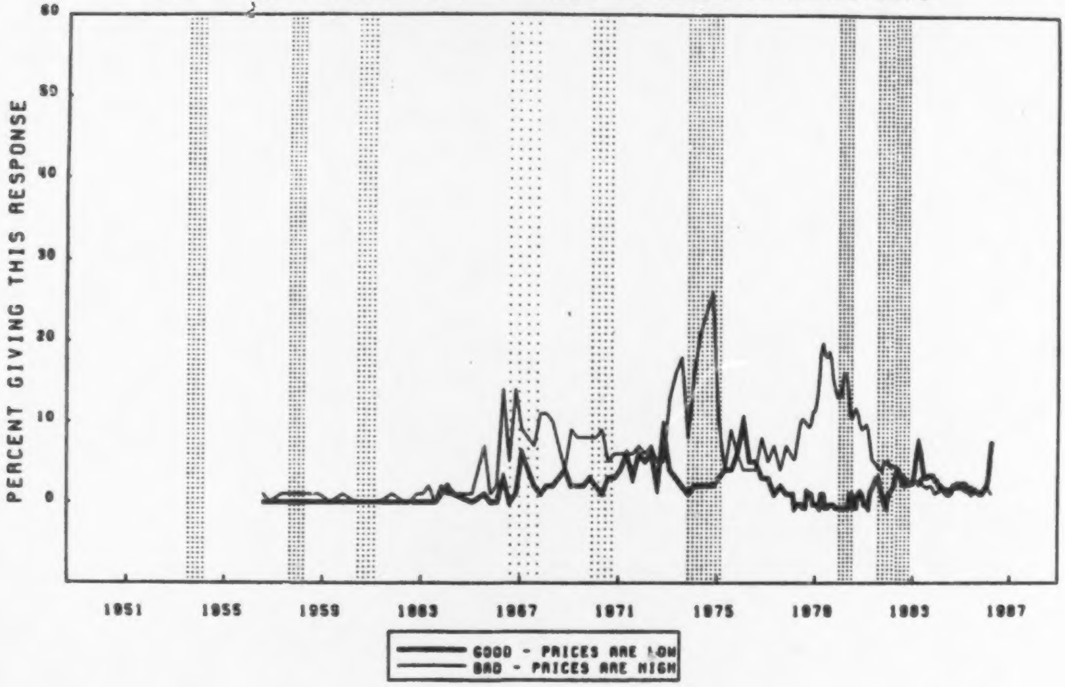


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

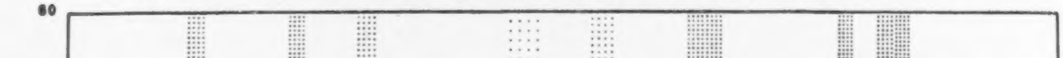


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
FAVORABLE NEWS:													
Government; elections	1%	2%	5%	2%	1%	1%	1%	3%	2%	2%	2%	*	1%
Employment	11	12	12	14	11	13	9	12	8	8	10	8	10
Higher consumer demand	3	3	4	3	2	4	3	3	3	3	1	3	3
Lower prices	1	1	1	2	1	1	1	1	2	2	3	8	11
Easier credit	4	3	7	10	8	6	4	6	7	9	8	15	17
UNFAVORABLE NEWS:													
Government; elections	5	4	6	4	4	5	5	4	5	5	3	3	3
Unemployment	21	21	18	21	24	21	23	21	20	18	21	23	20
Lower consumer demand	3	3	3	2	3	2	1	2	5	3	1	2	2
Higher prices	2	2	2	1	2	1	1	2	2	2	1	1	1
Tighter credit	2	2	1	1	1	1	1	2	2	1	*	*	1
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

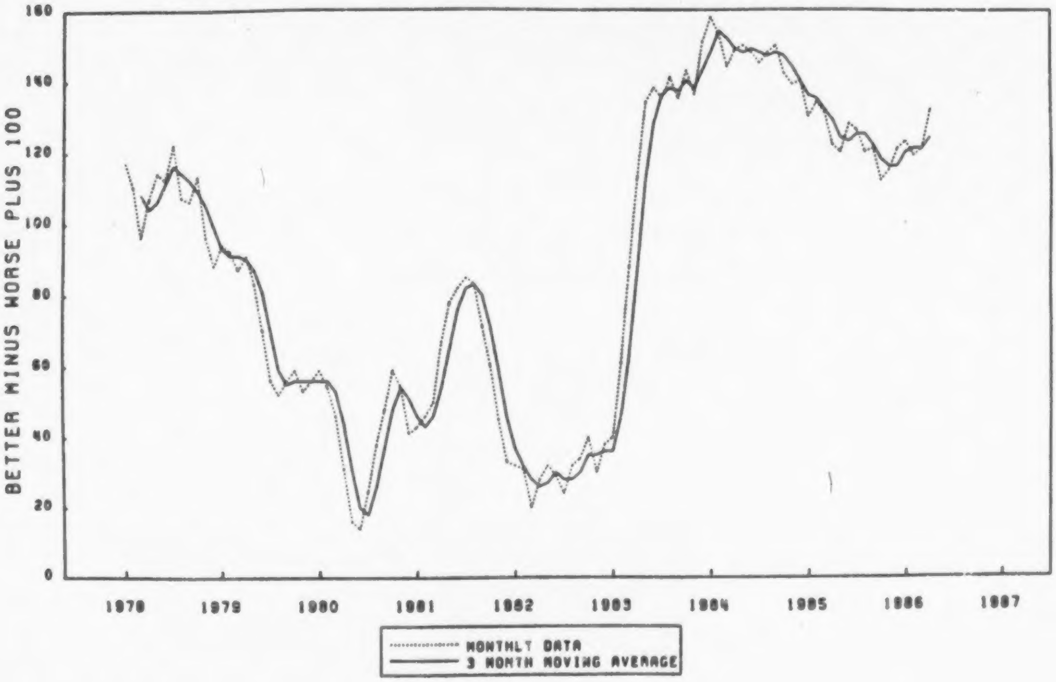


CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

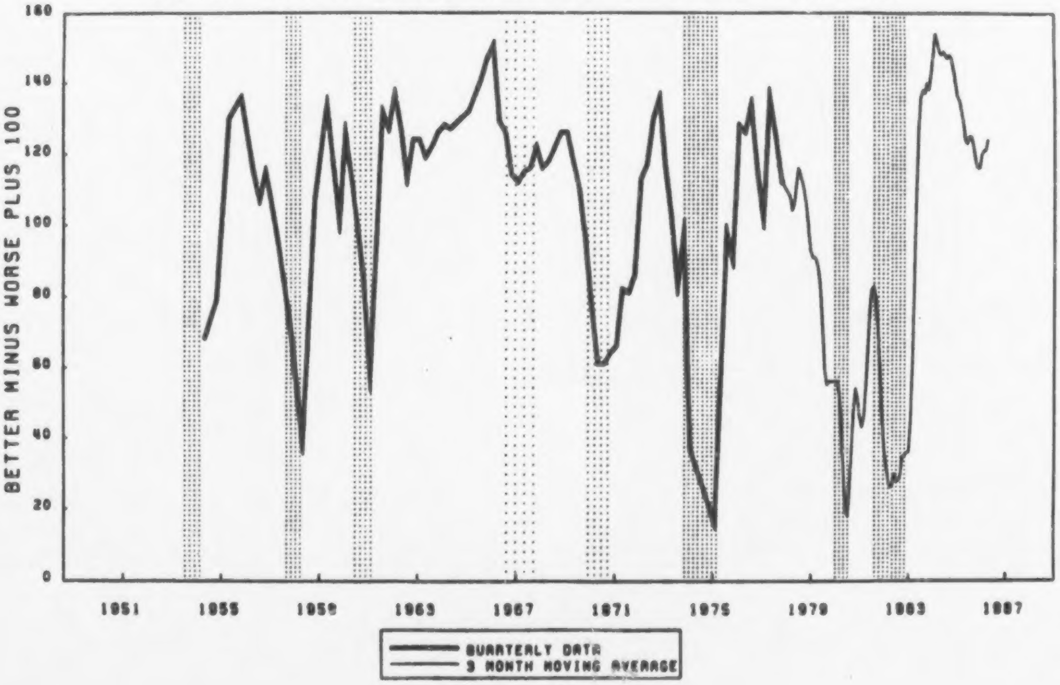


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

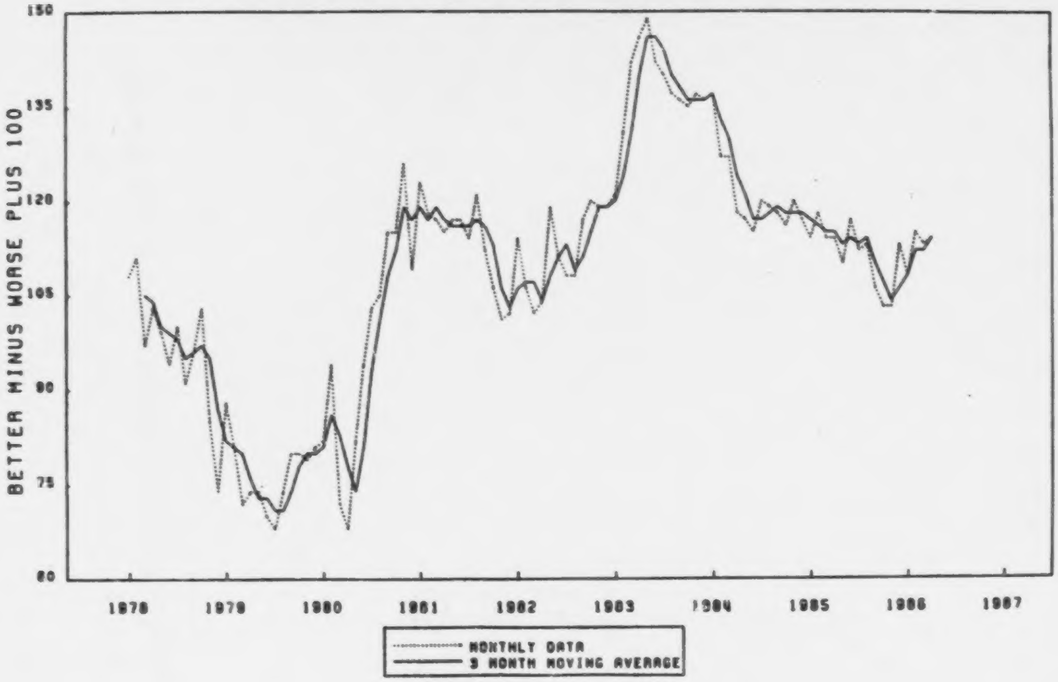


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

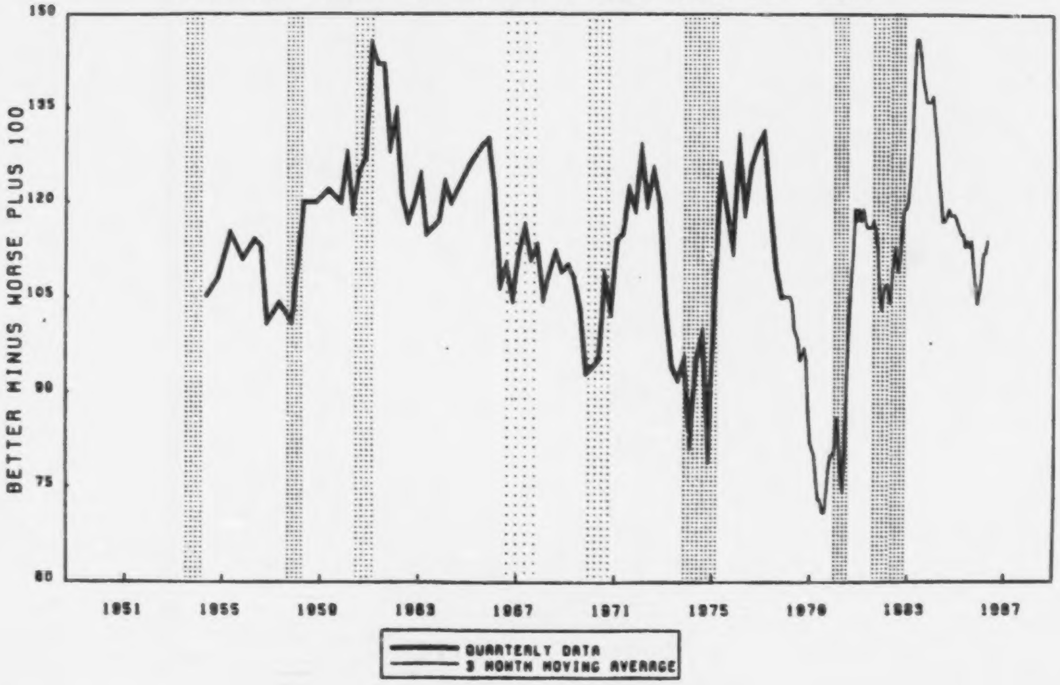


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
BETTER	29%	27%	29%	26%	27%	23%	23%	21%	27%	24%	27%	29%	29%
SAME	53	54	57	57	57	58	54	59	58	58	59	53	55
WORSE	15	17	12	14	14	17	20	18	14	16	12	16	15
DK,NA	3	2	2	3	2	2	3	2	1	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

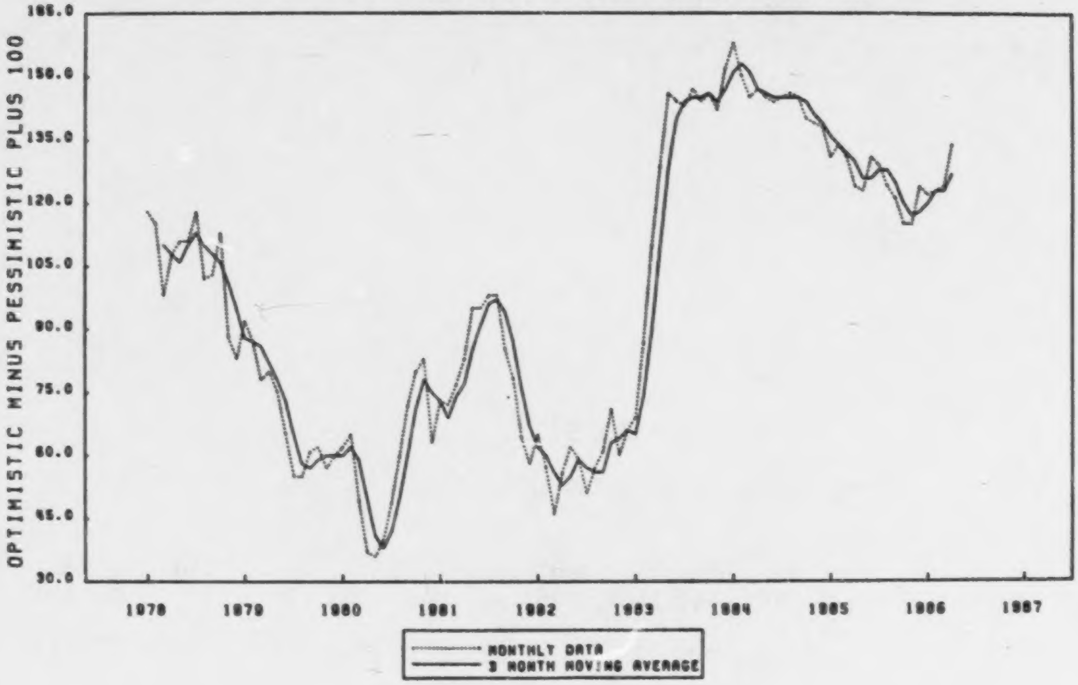


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

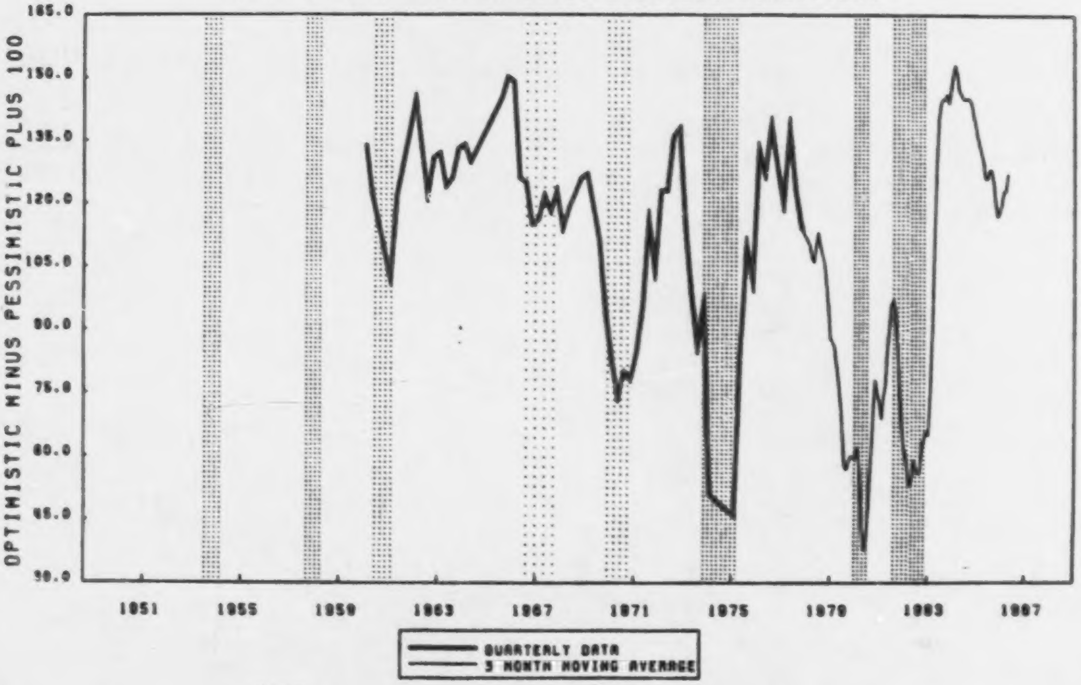


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
TREND:													
Continuous increase (a)	21%	18%	22%	19%	19%	16%	16%	14%	19%	16%	19%	20%	23%
Intermittant increase (b)	29	34	34	36	33	34	31	34	33	33	33	32	35
Remain unchanged (c)	11	8	9	9	10	9	10	8	10	11	10	7	7
Intermittant decline (d)	18	18	17	16	18	19	18	21	19	19	20	18	14
Continuous decline (e)	8	11	8	10	10	10	14	12	9	8	9	10	10
Mixed change (f)	8	8	6	6	7	8	7	7	7	10	6	10	8
DK,NA	5	3	4	4	3	4	4	4	3	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

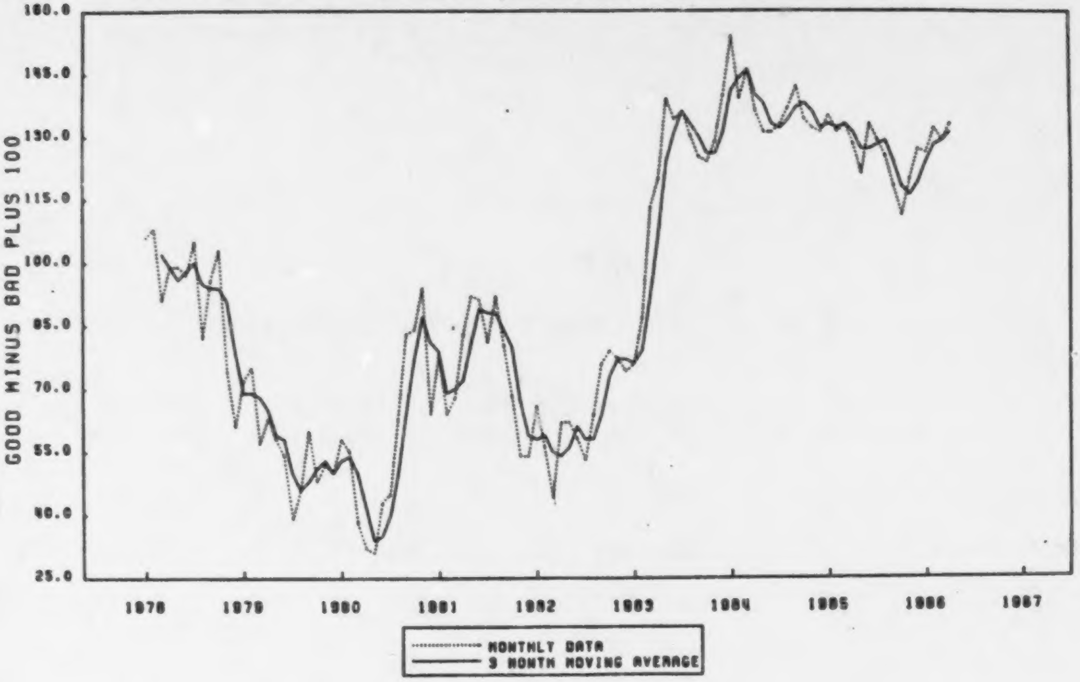


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

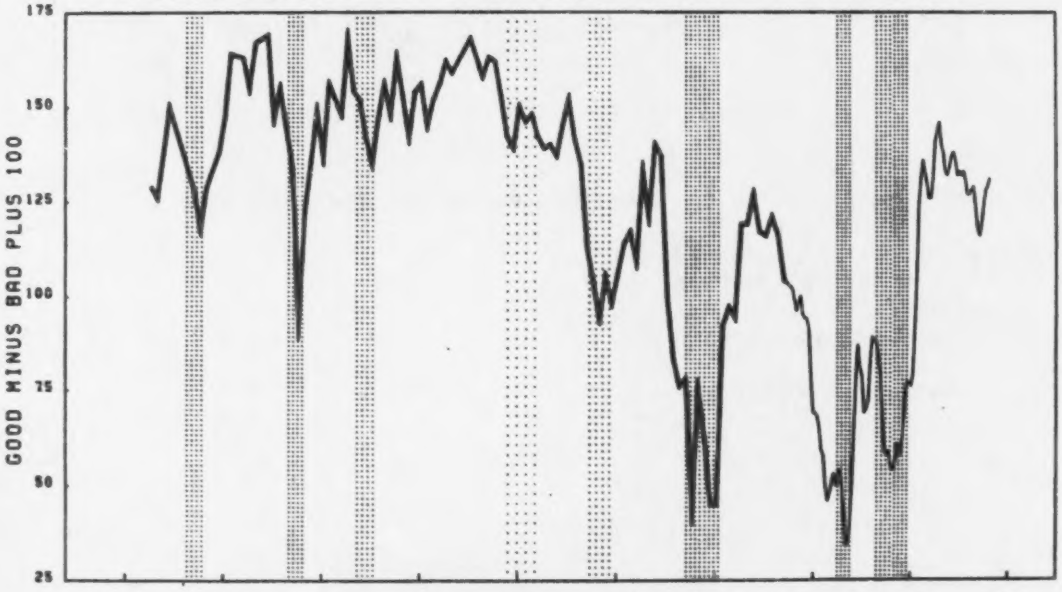


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIMES	58%	55%	59%	58%	57%	52%	49%	53%	57%	58%	61%	58%	61%
UNCERTAIN; GOOD & BAD	3	1	3	3	4	4	3	4	4	3	2	3	2
BAD TIMES	30	34	26	29	32	34	38	33	30	32	29	29	28
DON'T KNOW	6	6	5	7	4	8	5	6	7	5	4	7	6
NOT ASCERTAINED	3	4	7	3	3	2	5	4	2	2	4	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

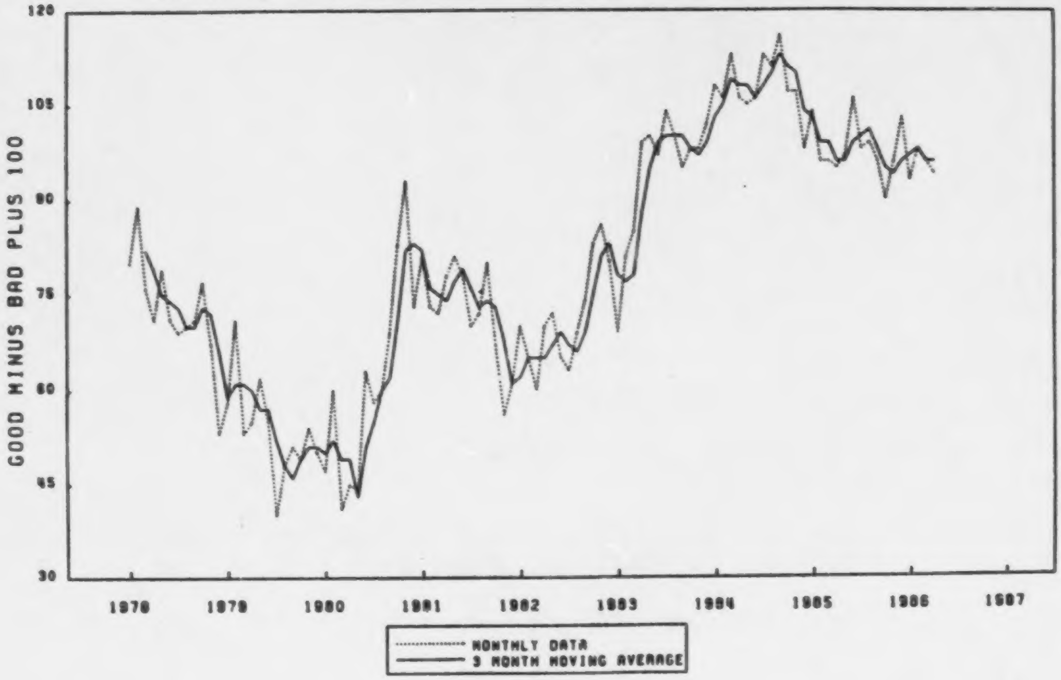


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

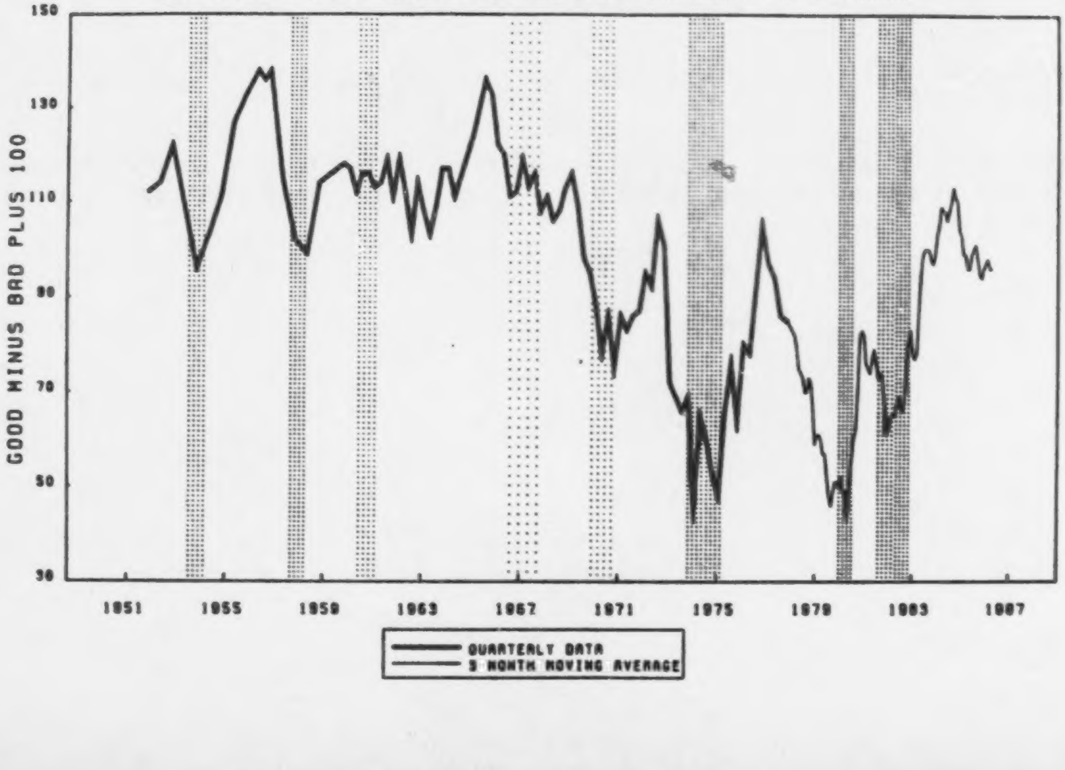


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIMES	39%	40%	43%	41%	41%	38%	35%	38%	40%	39%	42%	39%	36%
UNCERTAIN; GOOD & BAD	14	14	17	13	14	16	15	14	17	12	11	13	18
BAD TIMES	44	43	37	43	42	42	45	42	37	46	44	43	42
NOT ASCERTAINED	3	3	3	3	3	4	5	6	6	3	3	5	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

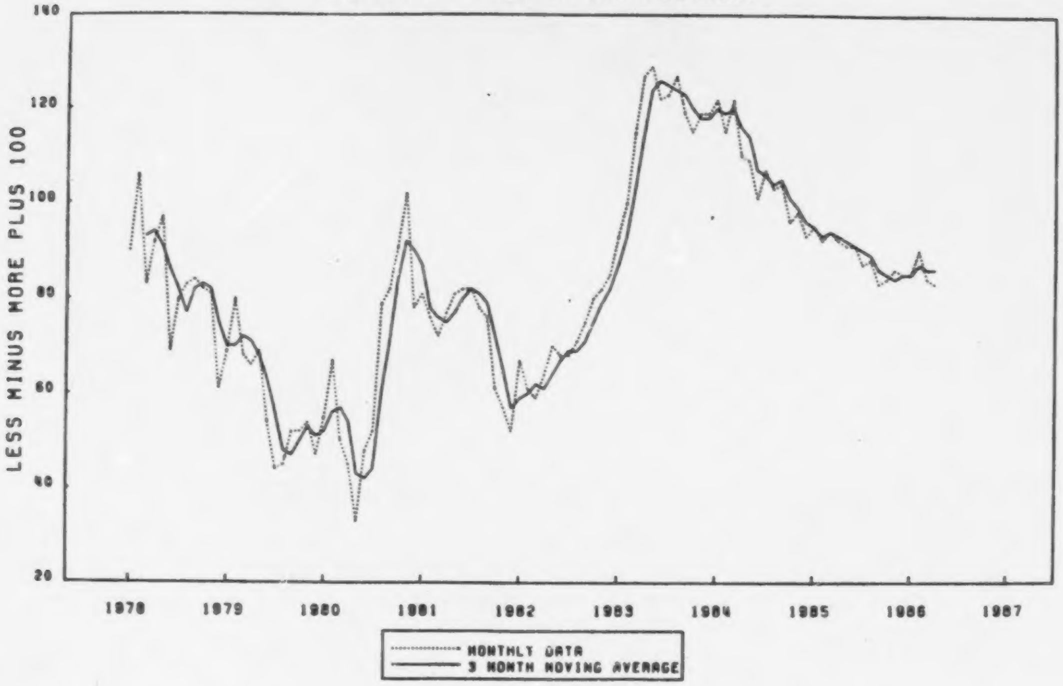


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

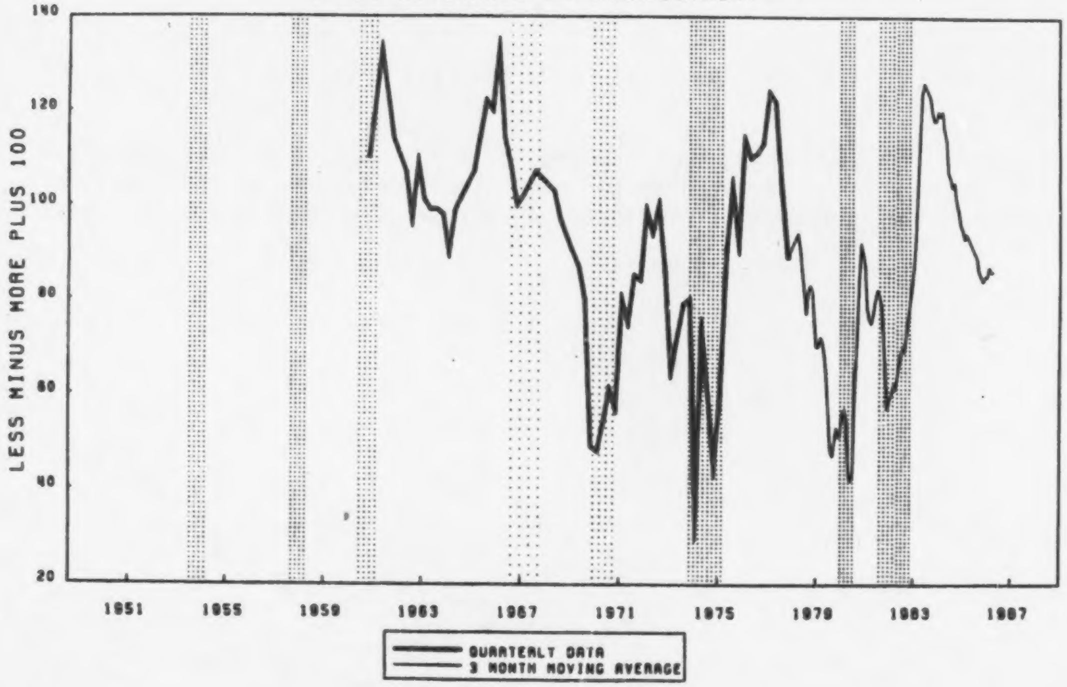


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
LESS	20%	19%	16%	14%	17%	14%	16%	15%	15%	15%	19%	17%	15%
SAME	50	52	58	58	52	53	51	54	54	54	51	48	51
MORE	28	28	25	27	29	31	32	29	30	30	29	33	32
DK,NA	2	1	1	1	2	2	1	2	1	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

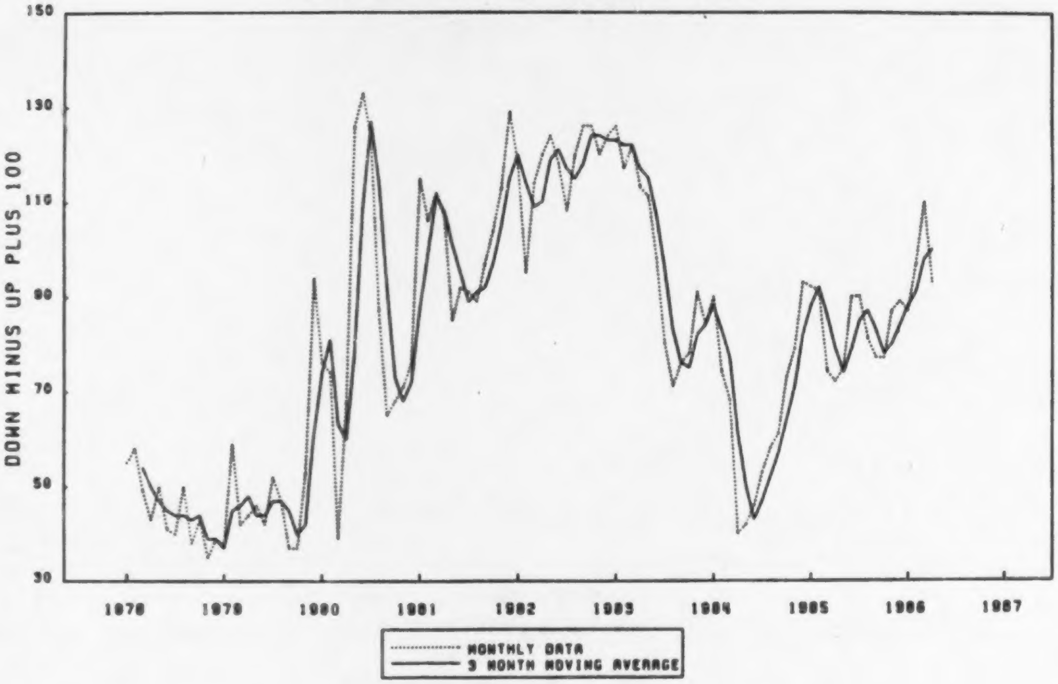


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

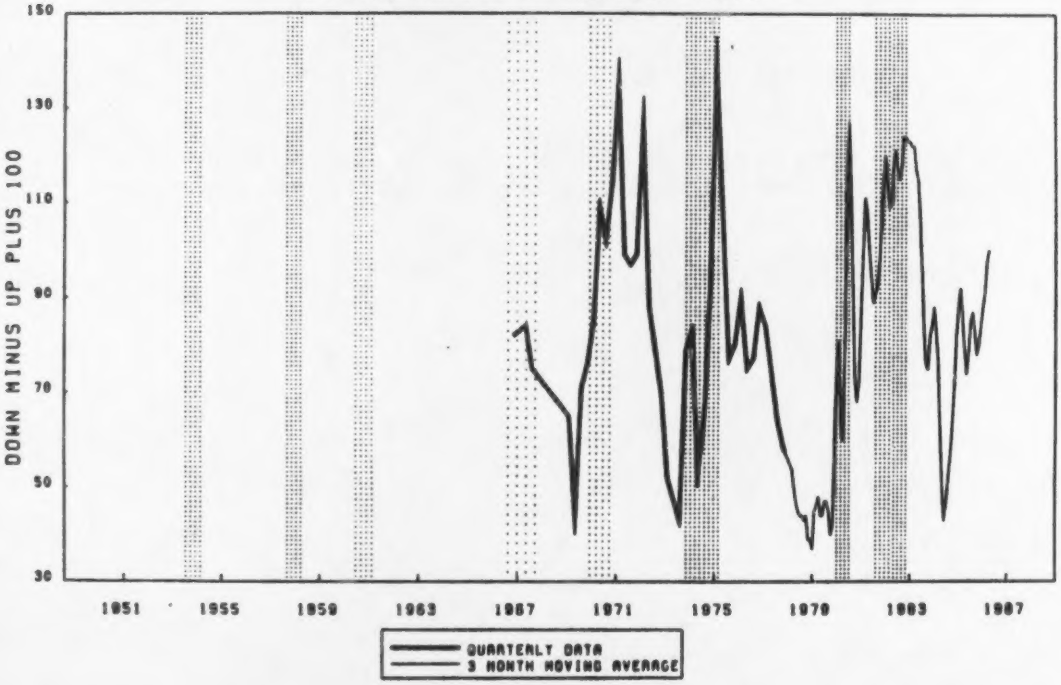


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GO UP	47%	44%	36%	35%	41%	43%	44%	36%	36%	38%	30%	26%	35%
STAY THE SAME	31	34	36	38	35	34	33	37	37	34	40	35	34
GO DOWN	19	19	26	25	22	20	21	23	25	25	27	36	28
DK,NA	3	3	2	2	2	3	2	4	2	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

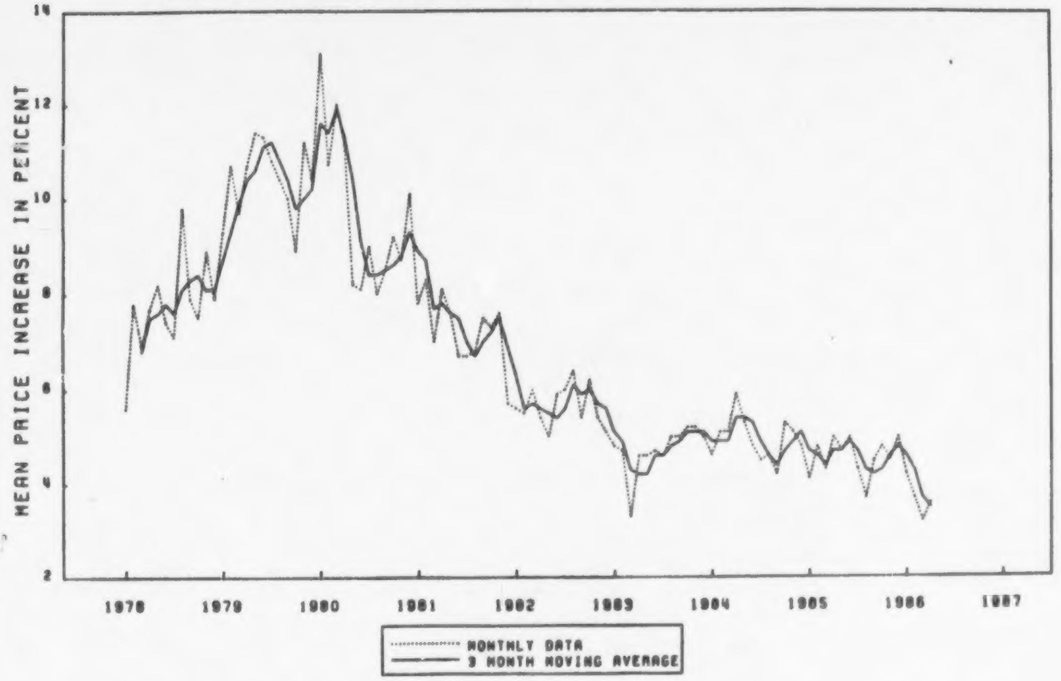


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

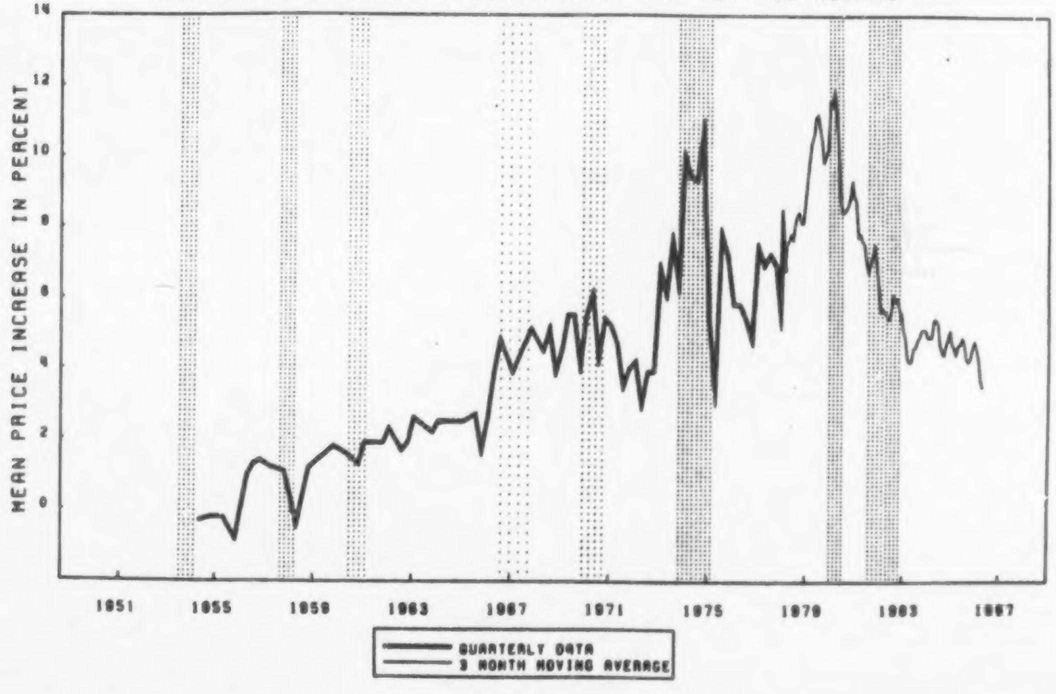


CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

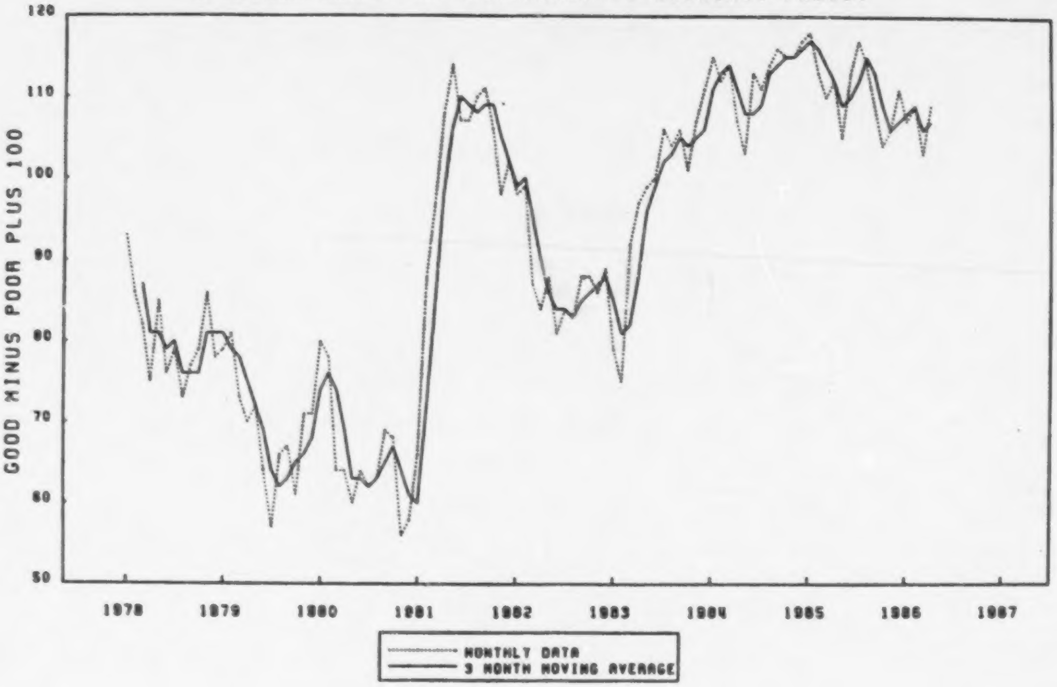


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

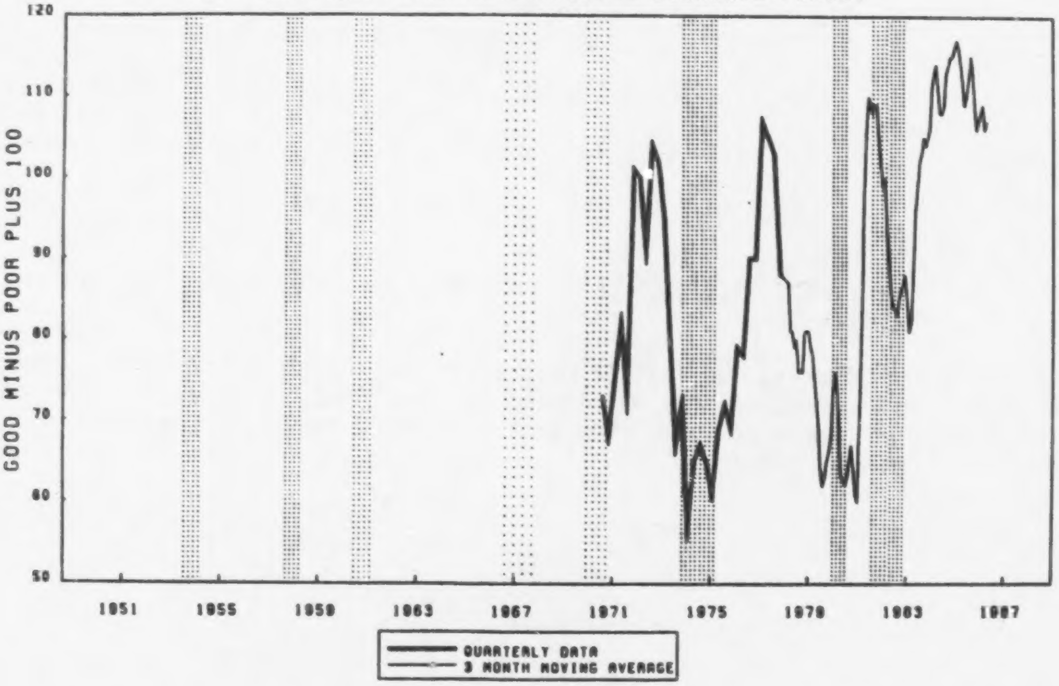


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
A GOOD JOB	30%	26%	29%	31%	29%	29%	25%	28%	28%	27%	29%	25%	29%
ONLY FAIR	50	51	53	52	53	49	50	48	53	52	48	51	50
A POOR JOB	18	21	16	14	15	20	21	22	17	20	20	22	20
DK,NA	2	2	2	3	3	2	4	2	2	1	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

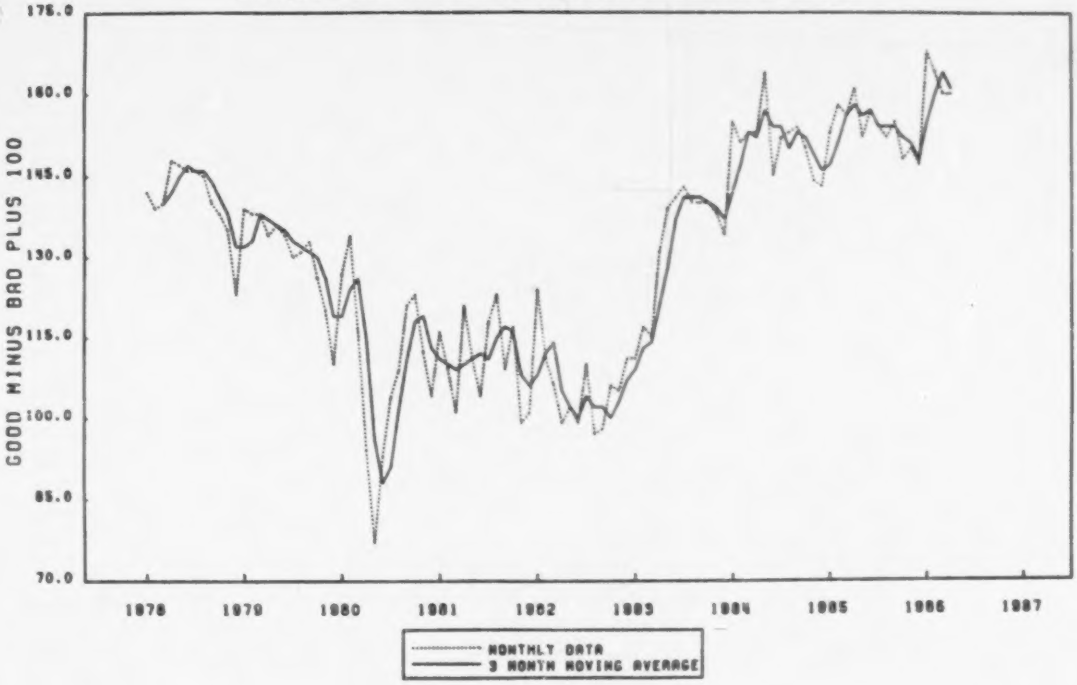


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

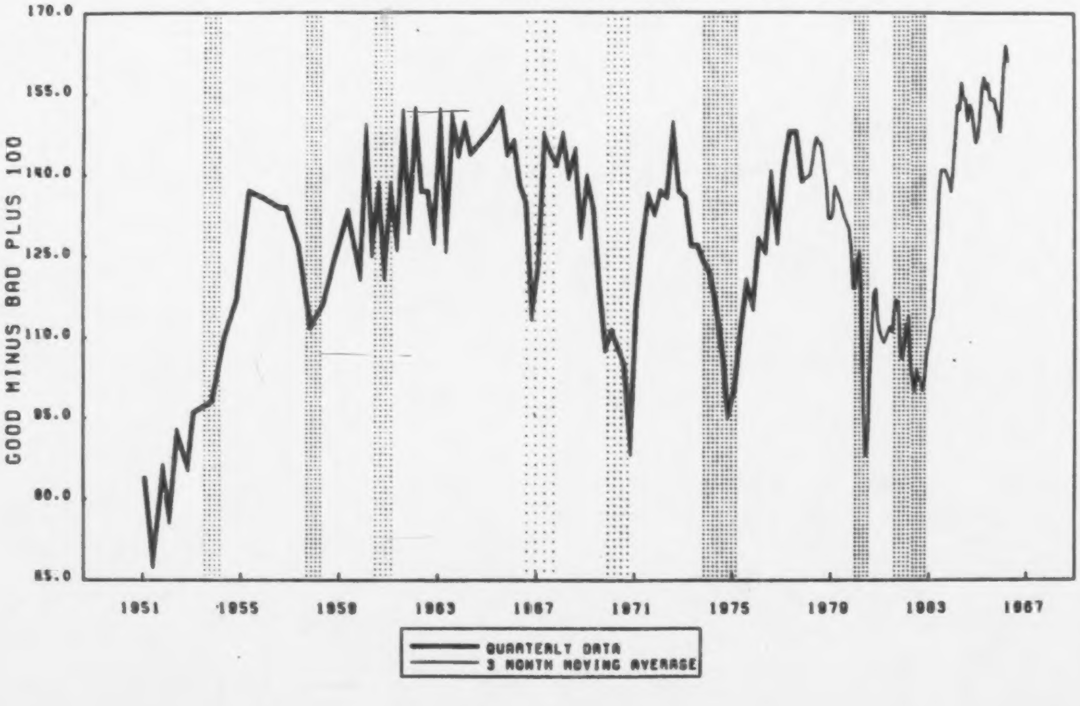


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY	77%	72%	74%	74%	69%	73%	69%	70%	69%	80%	78%	75%	75%
UNCERTAIN, DEPENDS	7	8	9	6	14	9	10	10	9	8	8	10	10
BAD TIME TO BUY	16	20	17	20	17	18	21	20	22	12	14	15	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

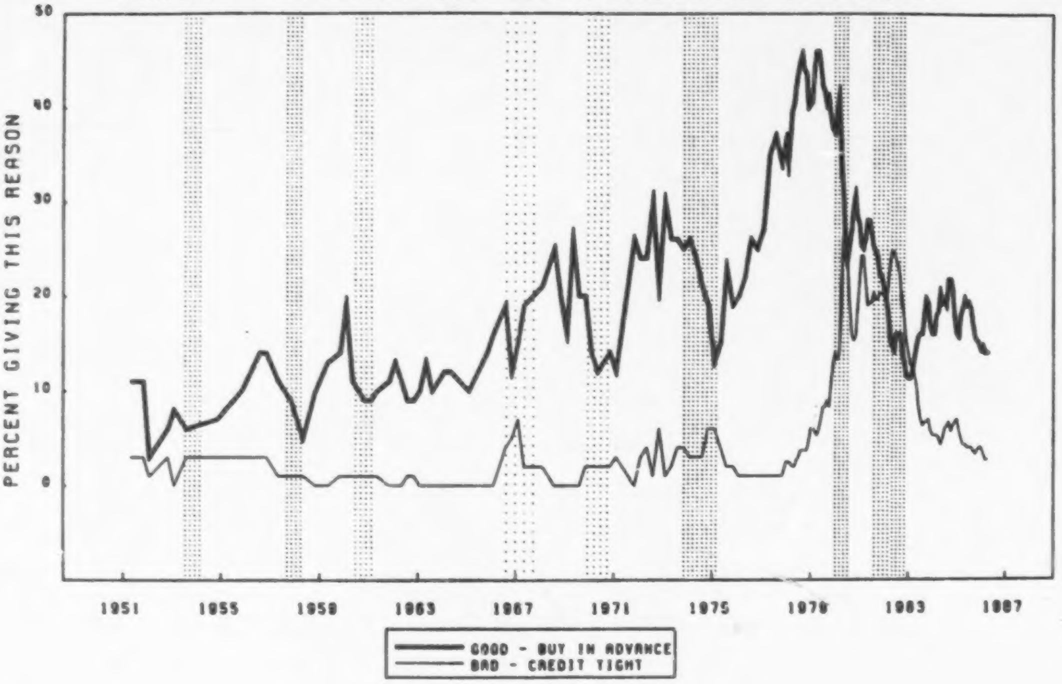


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

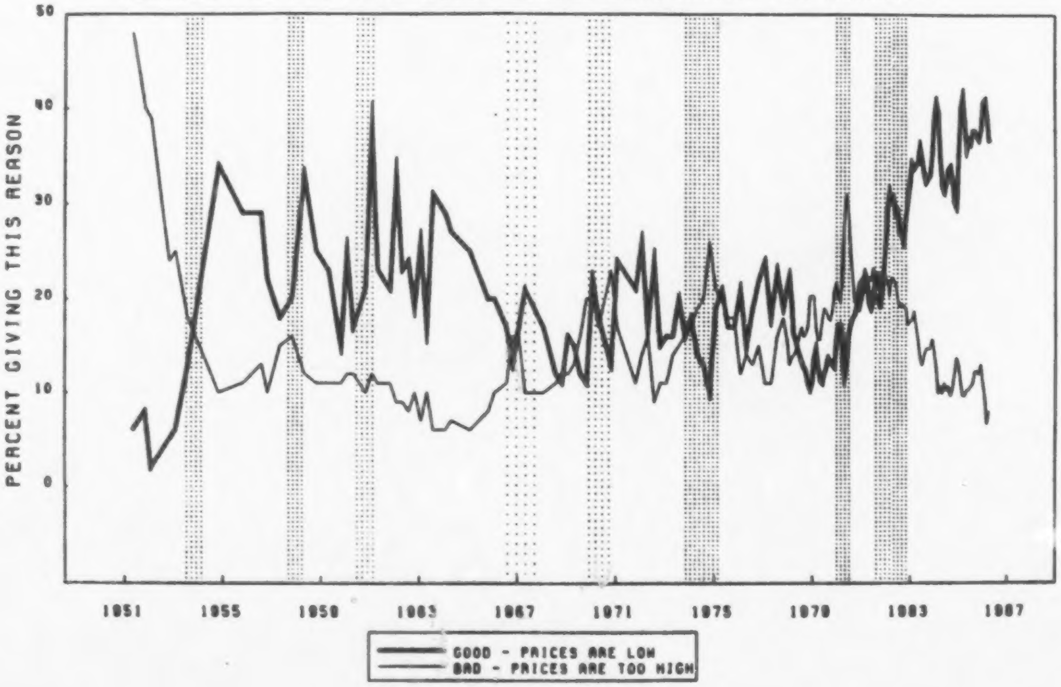


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	37%	34%	39%	36%	38%	39%	34%	37%	42%	43%	38%	37%	35%
Prices won't come down; are going higher	18	19	20	19	17	15	15	16	14	13	17	12	13
Interest rates low; credit is easy	13	11	13	14	15	14	15	12	12	18	20	21	29
BAD TIME TO BUY:													
Prices are high	10	11	10	11	12	14	11	11	17	5	7	8	9
Interest rates are high; credit is tight	4	4	4	4	4	3	3	5	4	3	3	2	3
Lack of purchasing power	6	9	7	6	5	6	8	7	5	6	6	8	7

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

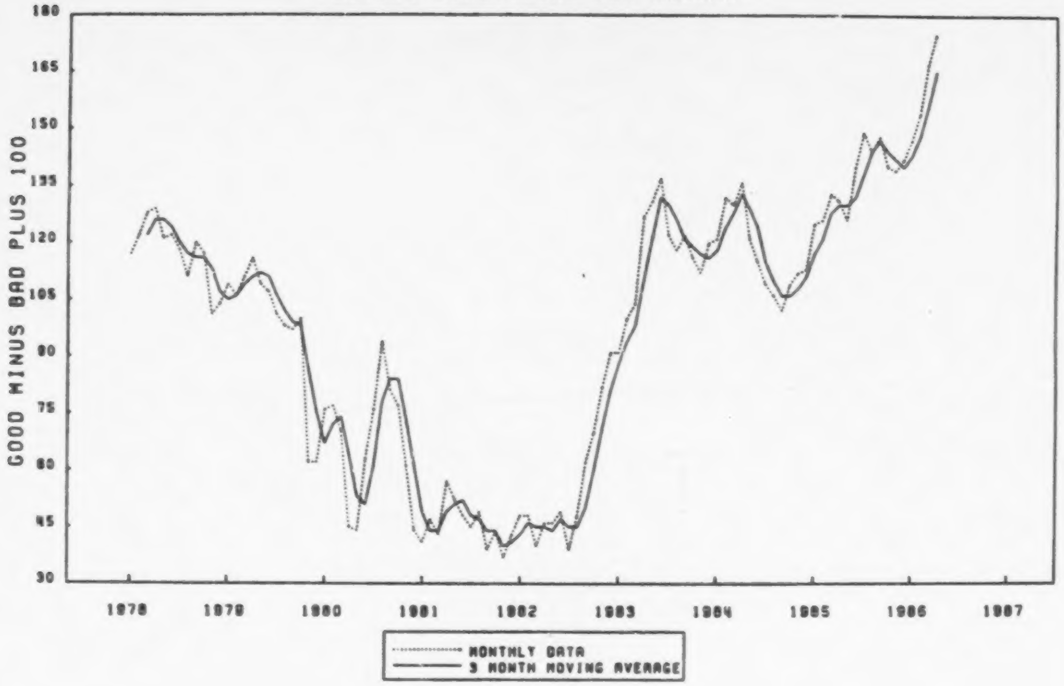


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

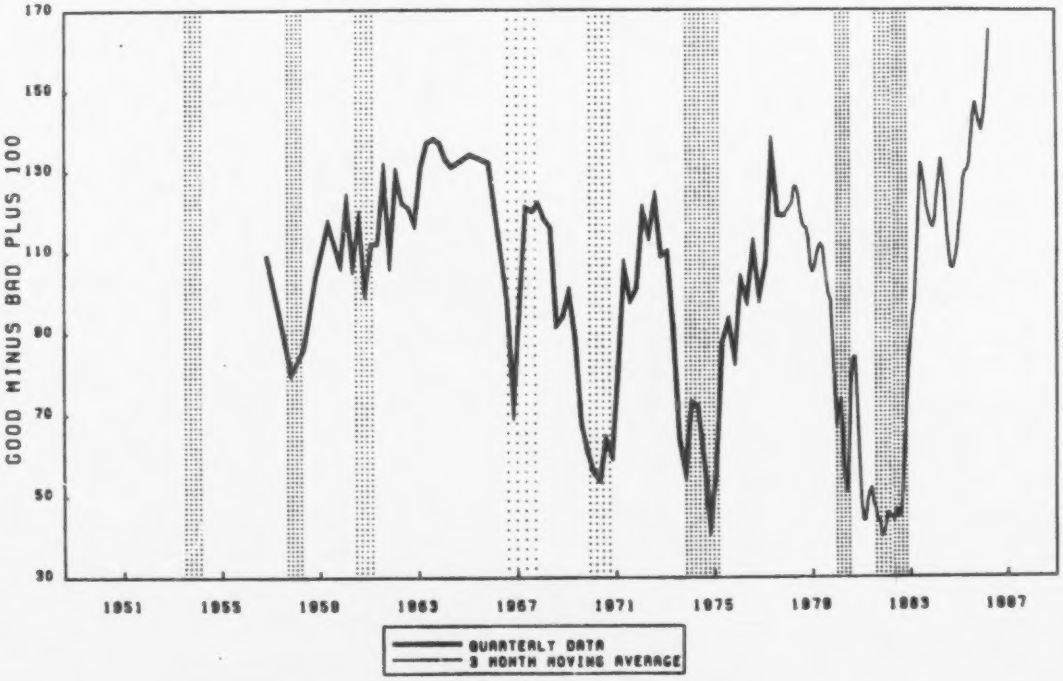


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY	64%	61%	67%	73%	69%	72%	68%	67%	68%	72%	76%	82%	86%
UNCERTAIN, DEPENDS	3	4	6	3	6	4	4	5	6	3	2	3	3
BAD TIME TO BUY	33	35	27	24	25	24	28	28	26	25	22	15	11
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

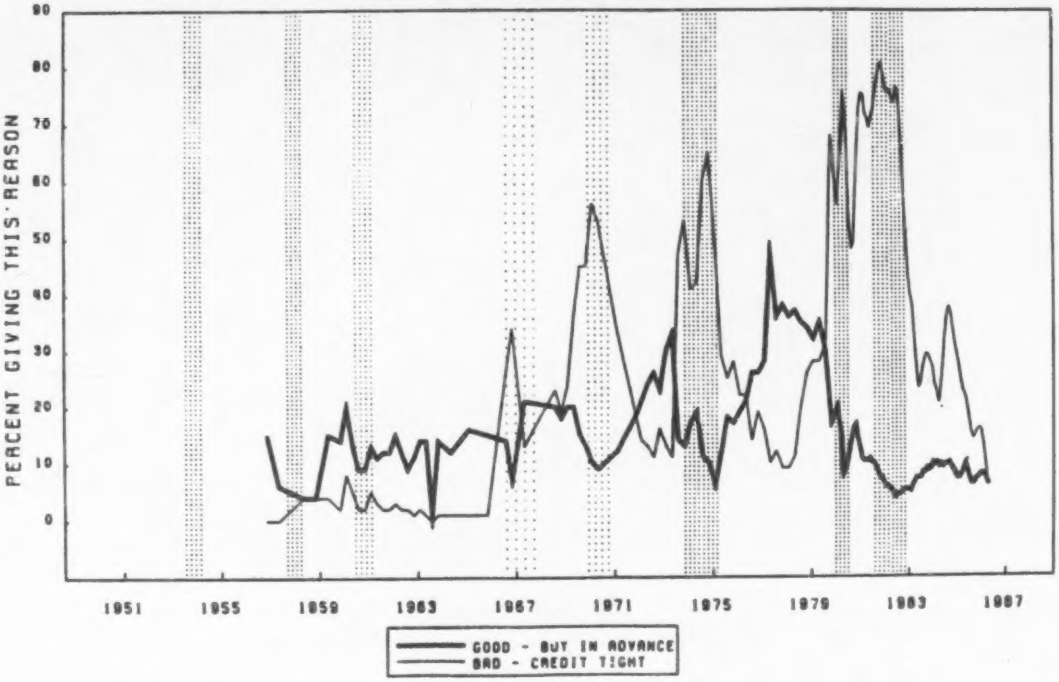


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

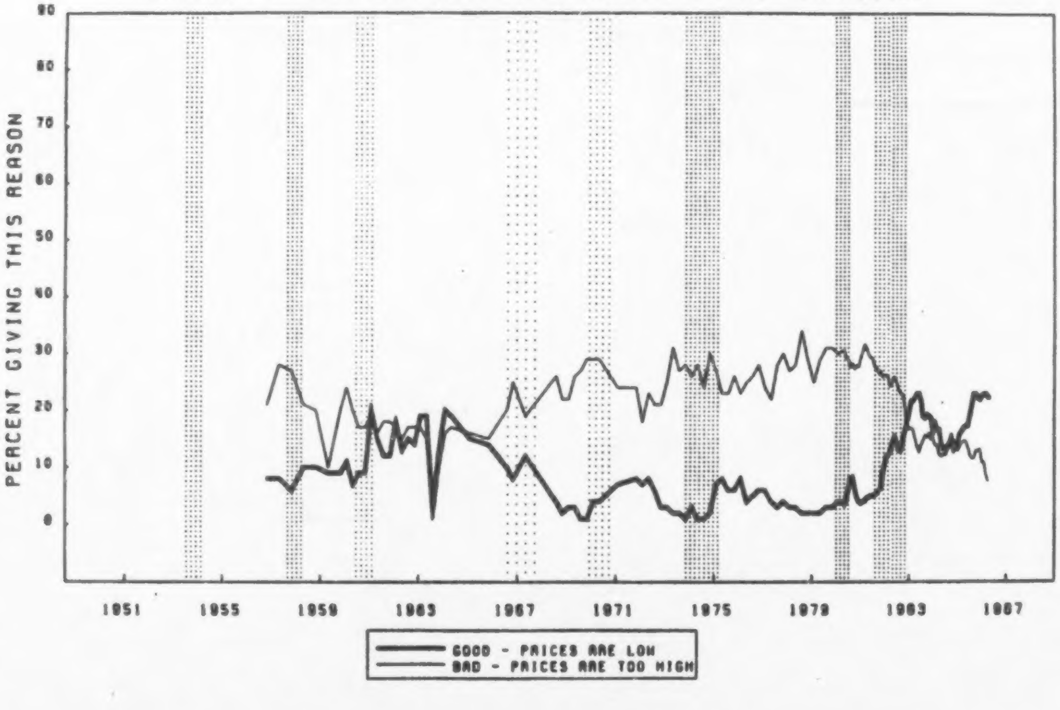


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	17%	17%	18%	22%	23%	24%	22%	21%	23%	24%	22%	23%	22%
Prices won't come down; are going higher	9	10	7	5	7	7	7	8	8	8	8	6	5
Interest rates low; credit is easy	47	43	56	57	58	56	55	52	53	60	64	76	83
Good investment	6	6	6	5	7	4	6	4	5	6	4	5	3
BAD TIME TO BUY:													
Prices are high	15	14	12	11	12	12	15	12	13	8	12	6	5
Interest rates are high; credit is tight	21	23	17	13	16	14	15	18	15	14	11	5	4
Lack of purchasing power	12	16	9	11	9	9	10	10	6	10	8	8	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

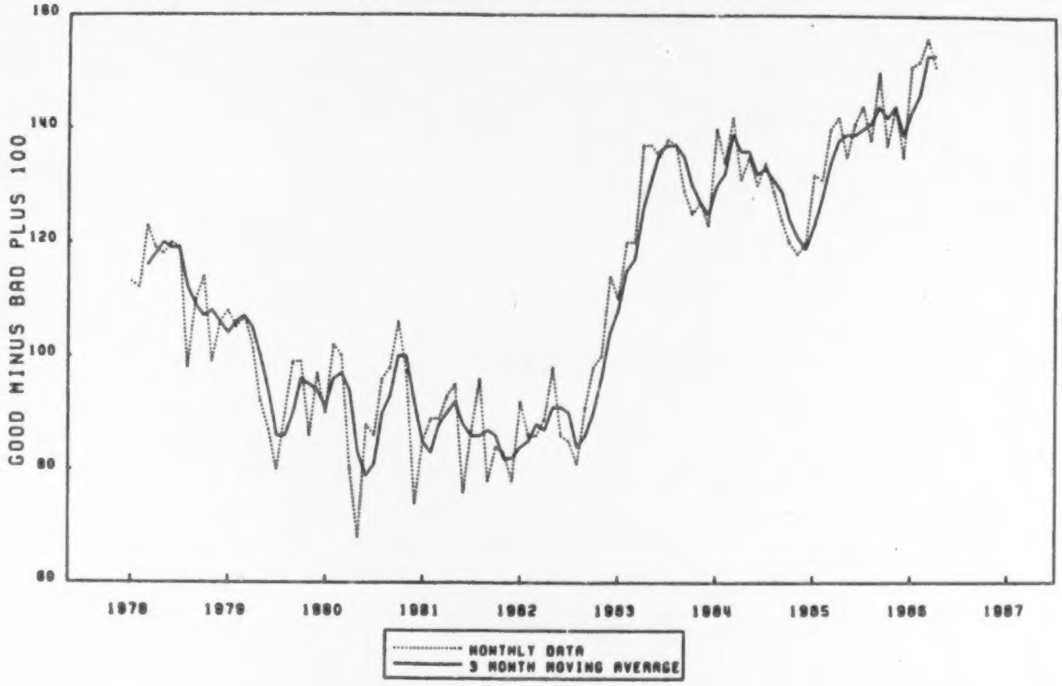


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

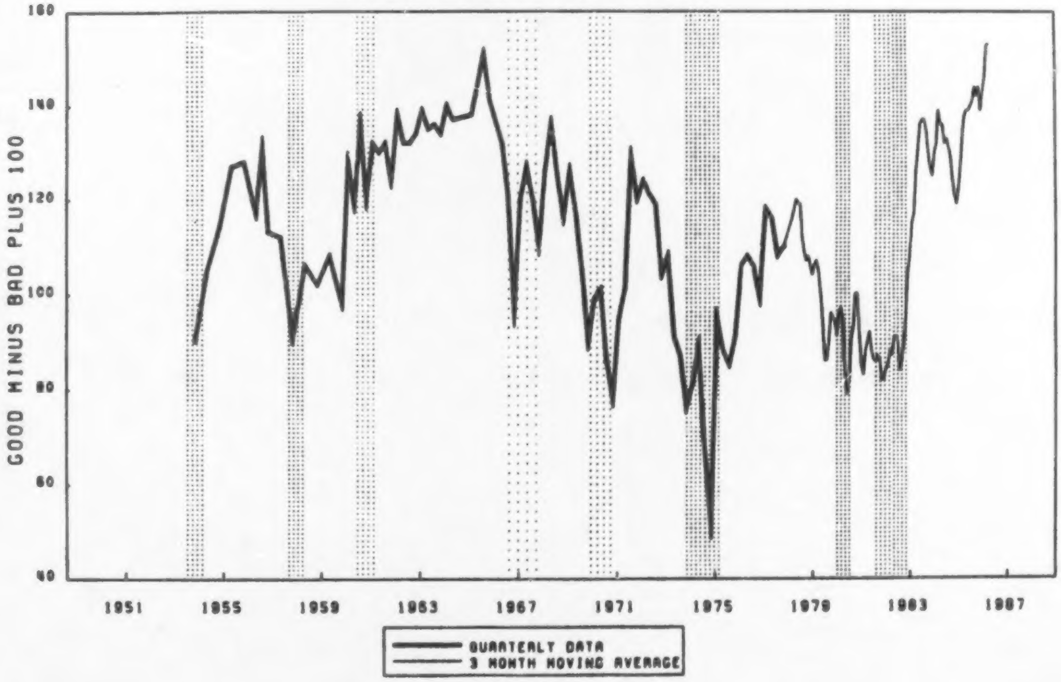


TABLE 25

BUYING CONDITIONS FOR CARS

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY	68%	65%	67%	67%	64%	72%	65%	68%	63%	71%	73%	74%	73%
UNCERTAIN; DEPENDS	6	5	7	10	10	6	7	8	9	9	6	8	5
BAD TIME TO BUY	26	30	26	23	26	22	28	24	28	20	21	18	22
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	675	661	652	641	650	654	652	651	652	656	656	658	658

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

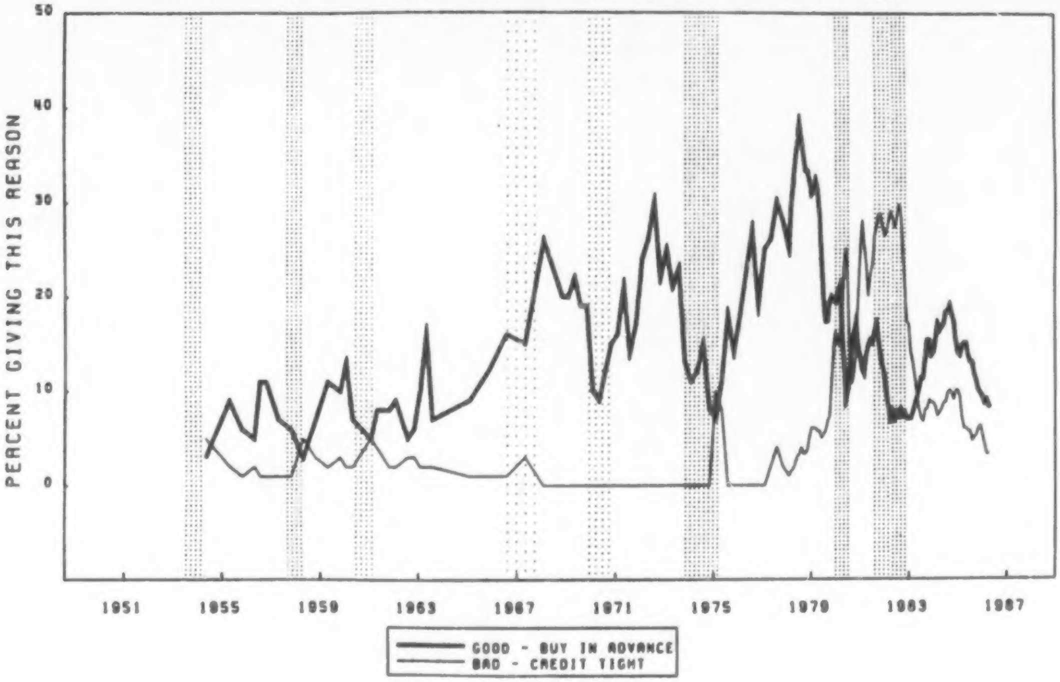


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

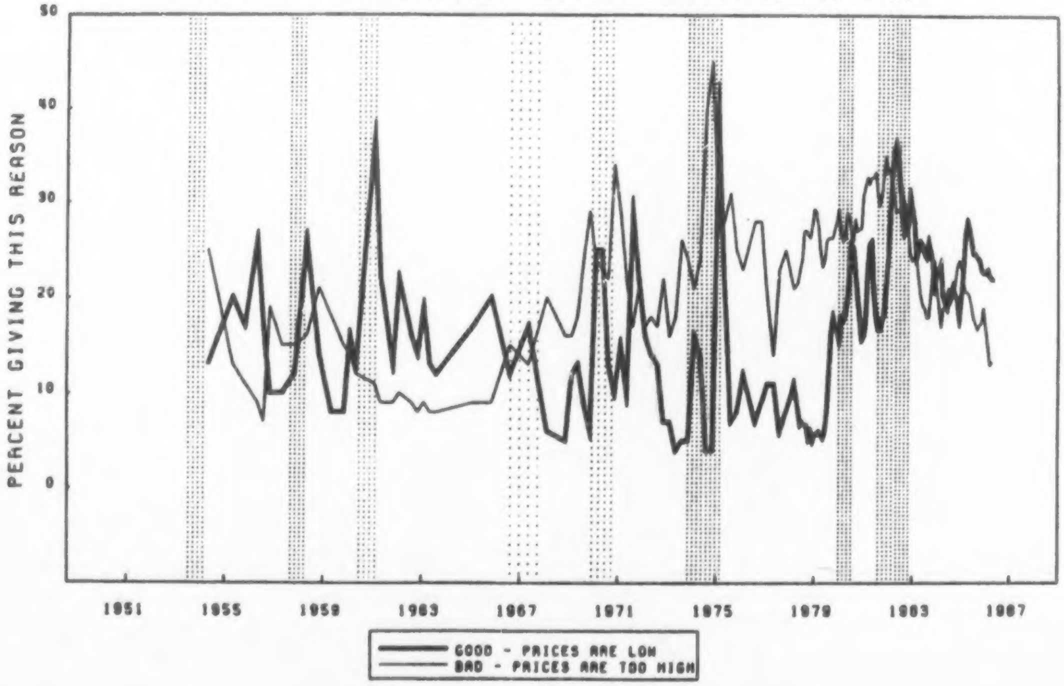


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Apr. 1985	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	28%	24%	26%	24%	24%	25%	23%	21%	24%	23%	22%	22%	22%
Prices won't come down; are going higher	14	14	13	12	14	9	10	11	8	9	9	9	7
Interest rates low; credit is easy	25	28	35	35	36	46	41	40	37	51	53	54	54
New fuel efficient models	1	1	1	1	1	1	1	2	1	*	1	*	1
BAD TIME TO BUY:													
Prices are high	21	20	17	17	18	15	19	18	20	13	13	13	14
Interest rates are high; credit is tight	5	8	4	5	5	5	6	7	6	3	4	3	3
Lack of purchasing power	4	6	6	6	4	4	6	4	4	5	5	4	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	3	4	3	4	3	3	1	4	4	2	3	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

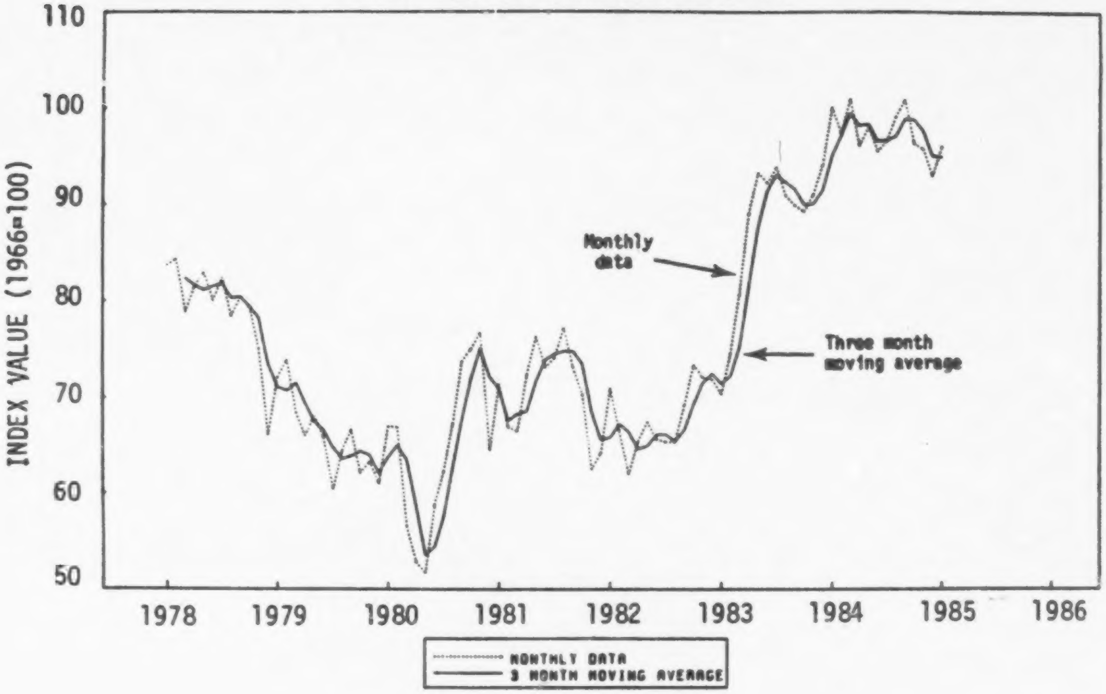
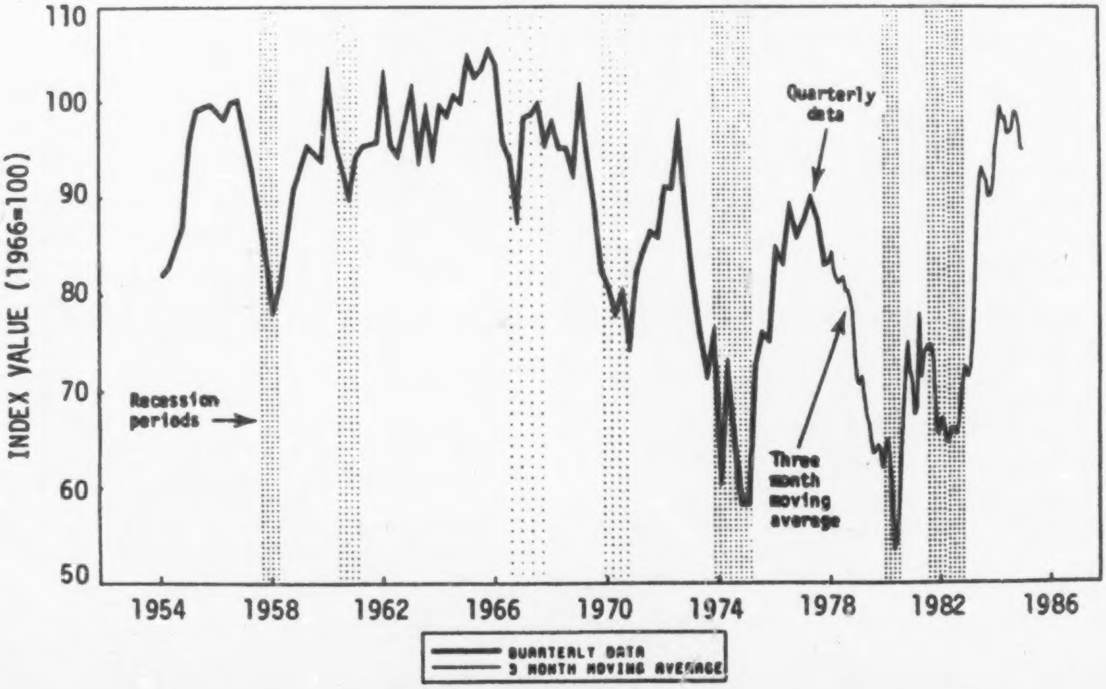


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES: November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

May 16, 1986

APRIL 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

FAVORABLE HOME BUYING ATTITUDES REACH NEW PEAK

- In the April 1986 survey, the Index of Consumer sentiment was 96.2, insignificantly different from one month earlier (95.1), and the readings taken one year (94.6), and two years (96.1) earlier. Over the past 36 months, the Index has averaged 94.6, with the current reading just above that midpoint.

- Favorable home buying attitudes have posted a new all-time record level for the third consecutive month. In the April 1986 survey, 86 percent of all families held favorable views of current buying conditions for homes, above the prior peaks of 82 percent recorded one month earlier, and 76 percent two months earlier. The current reading is significantly above the 61 to 66 percent recorded in the April surveys of the prior three years, and the recession level of 20 percent recorded four years earlier.

- In support of these very favorable home buying attitudes, 78 percent of all families referred to the current availability of reduced mortgage interest rates, an all-time record level, and more than twice the 34 percent recorded one year earlier. In addition, consumers continue to hold very favorable perceptions of market prices for homes. The April 1986 survey recorded the fewest complaints about high home prices since the mid 1960s—just 5 percent, down from 15 percent one year earlier.

- Favorable attitudes toward buying conditions for household durables were held by 75 percent of all families in the April 1986 survey, somewhat below the all-time peak of 80 percent recorded in January 1986 and the 77 percent recorded in April 1985, but nonetheless above all prior cyclical peaks. Very favorable evaluations of current market prices for household durables continue to underlie these positive buying attitudes. In the April 1986 survey, 35 percent mentioned the availability of reduced prices on durable goods, compared with just 9 percent that complained about high prices.

- Favorable vehicle buying attitudes were held by 73 percent of all families in the April 1986 survey, just below the all-time record of 74 percent recorded one month earlier. Reduced interest rates on vehicle loans continue to be the most frequent reason given for these positive attitudes. The availability of reduced interest rates was mentioned by a record 52 percent of all families in the April 1986 survey, unchanged from one month earlier, and more than twice the 22 percent recorded one year earlier.

- Consumers' evaluations of their own financial situation remain favorable in the most recent survey. Among all families in the April 1986 survey, 45 percent reported that their financial situation had improved during the past year, up from 41 percent in the year earlier survey. Income increases were reported about twice as frequently as declines in the April survey. Although income increases during the year ahead were expected to be small, few families expected their overall financial situation to worsen during the year ahead—10 percent in April 1986, unchanged from one year earlier.

• • •

From 1984 to 1985, unit sales of new cars and light trucks increased by 1.2 million units, and sales of new and existing homes rose by 400 thousand units. Total real consumption expenditures rose at twice the rate as real personal disposable income—3.3% versus 1.6%. Due to the increased use of debt to finance this spending increase, the personal savings rate fell by nearly 2 percentage points—from 6.5% in 1984 to 4.6% in 1985. Rather than willingness, which is near an all time high, consumers' ability to increase their spending will be constrained during the year ahead by slow income growth and reduced savings.

u 7475-2A

SURVEYS OF CONSUMER ATTITUDES

Survey Research Center
University of Michigan

Institute for Social Research

TABLES AND CHARTS

MAY 1986

The May 1986 survey is the 212th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

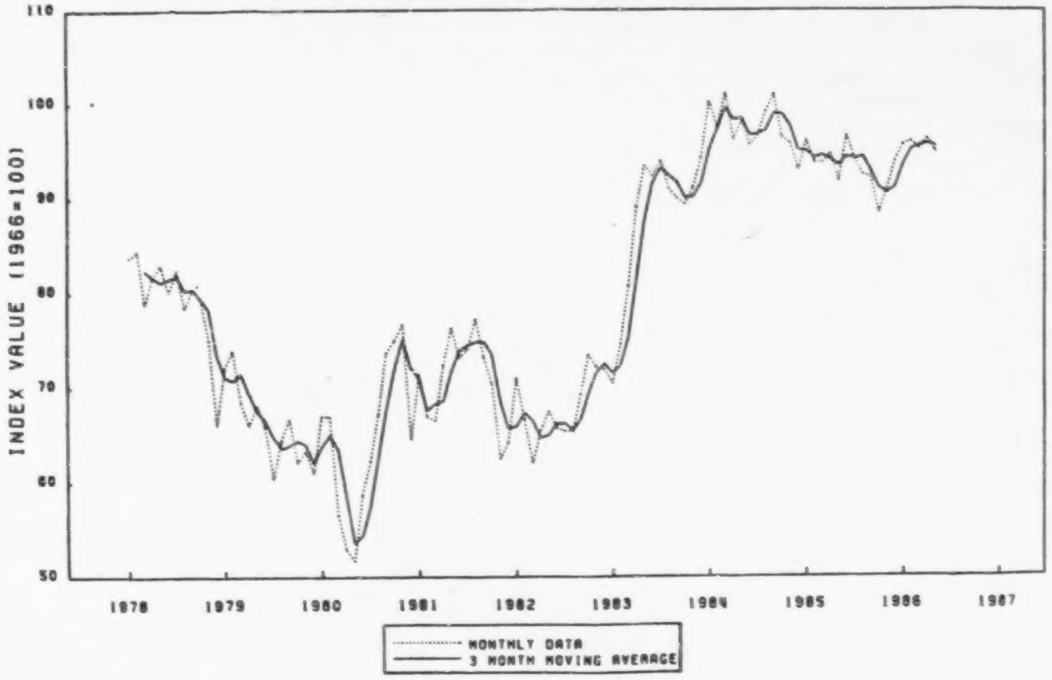


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

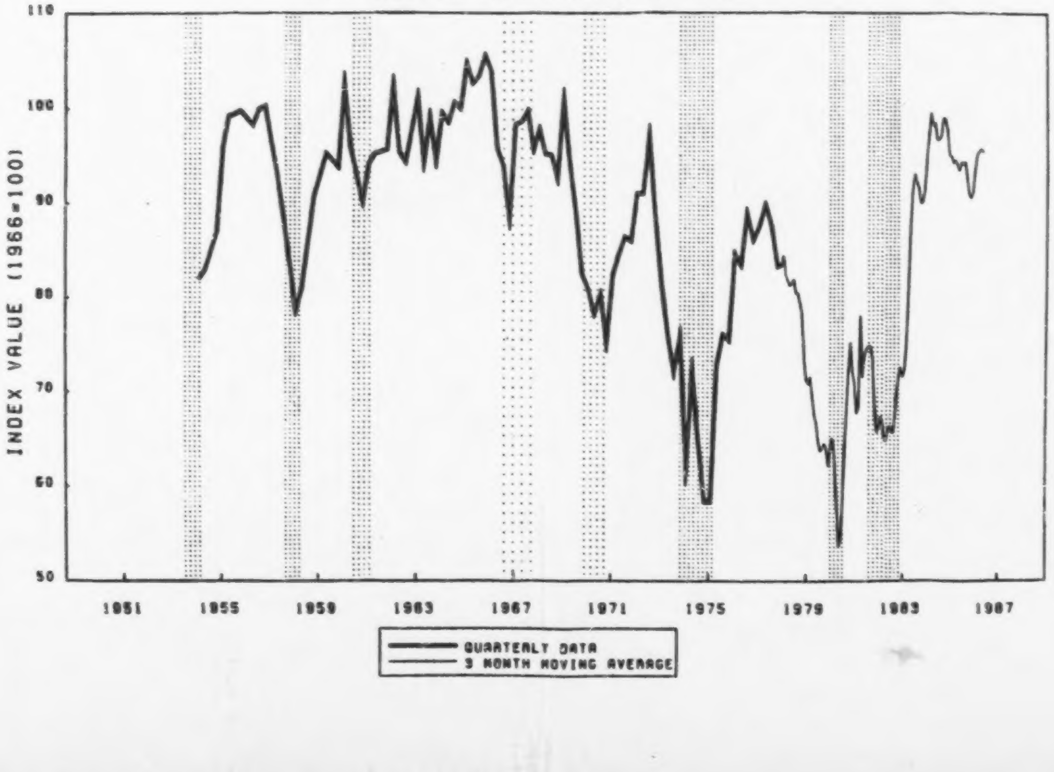


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
May 1983	93.3	101.7	
June 1983	92.2	104.1	
July 1983	93.9	108.9	
August 1983	90.9	109.5	
September 1983	89.9	103.7	
October 1983	89.3	103.6	
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

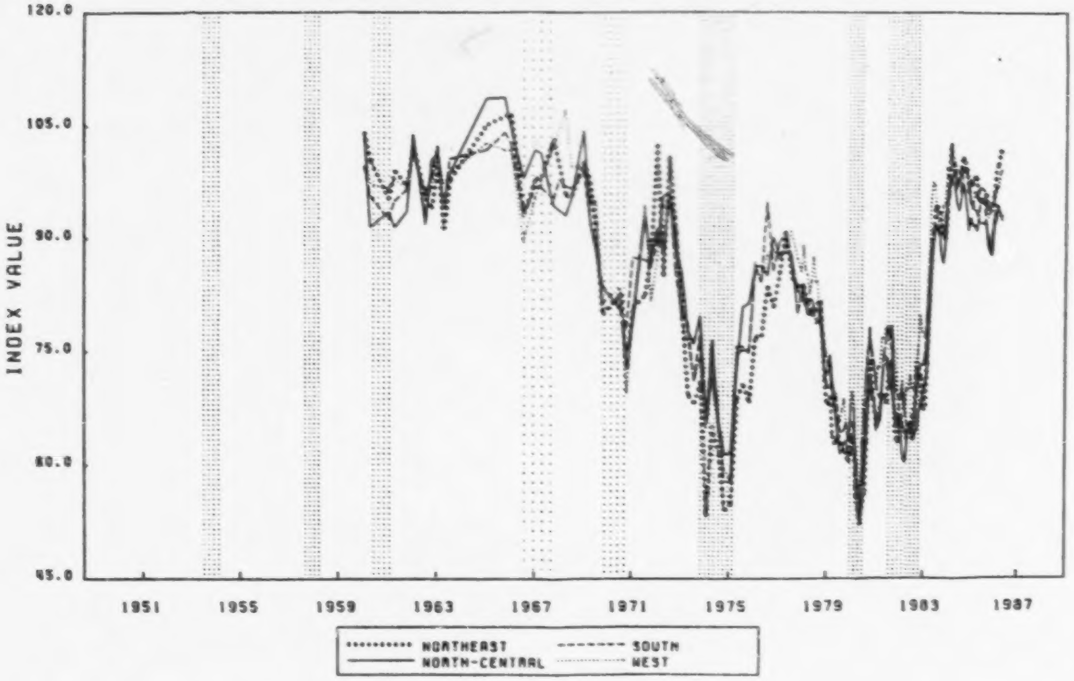


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

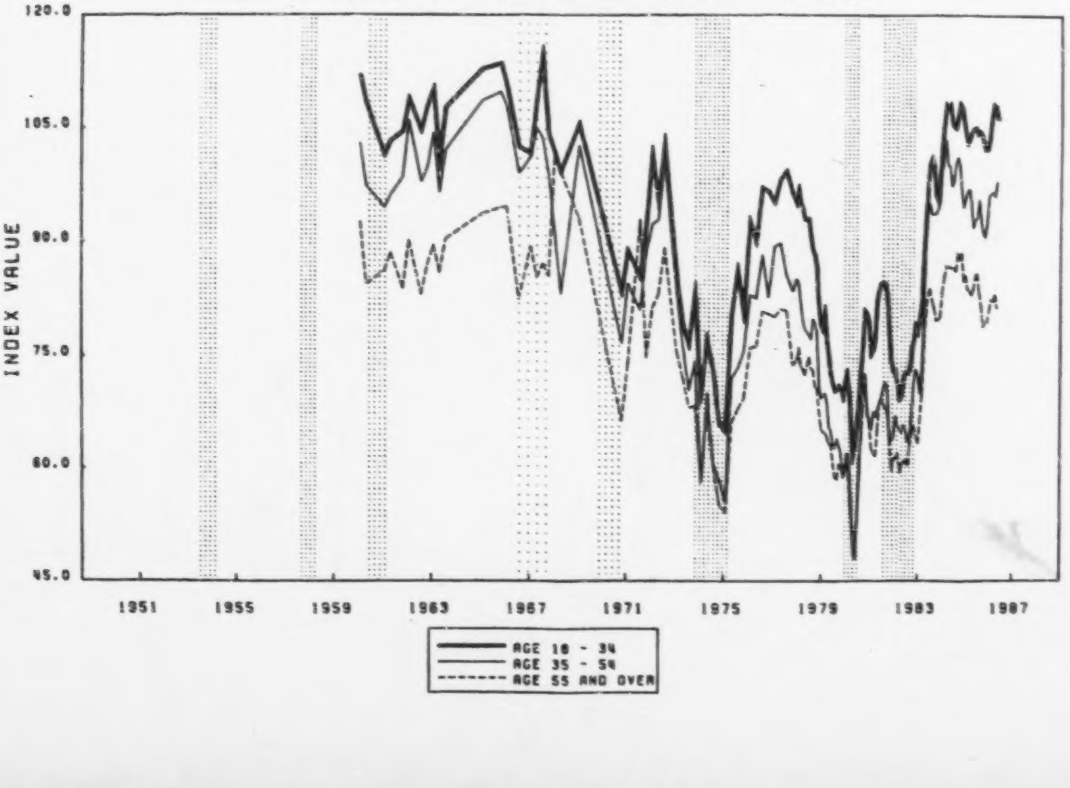


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

		CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY		North East	North Central	South	West	18-34	35-54	55+
May	1983	88.3	90.7	93.3	102.7	97.2	97.1	84.9
June	1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3

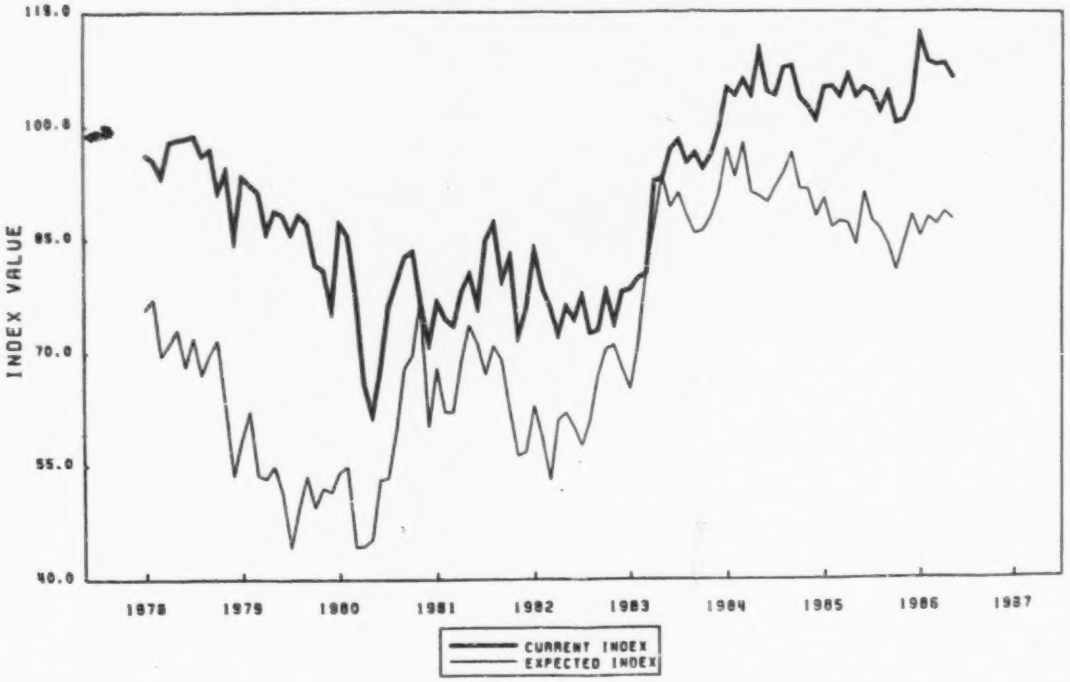


CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

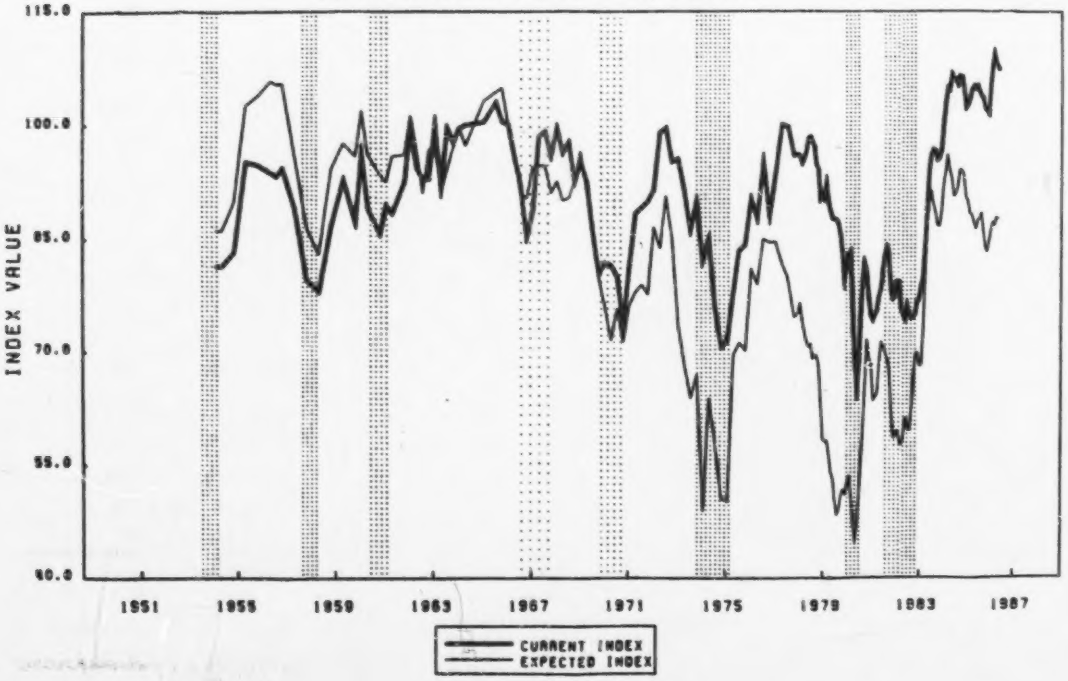


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions		Buying conds.	Current Index	Expected Index
	Current	Expected	12 months	5 years			
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
May 1983	101	137	139	100	139	93.1	93.4
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	83.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

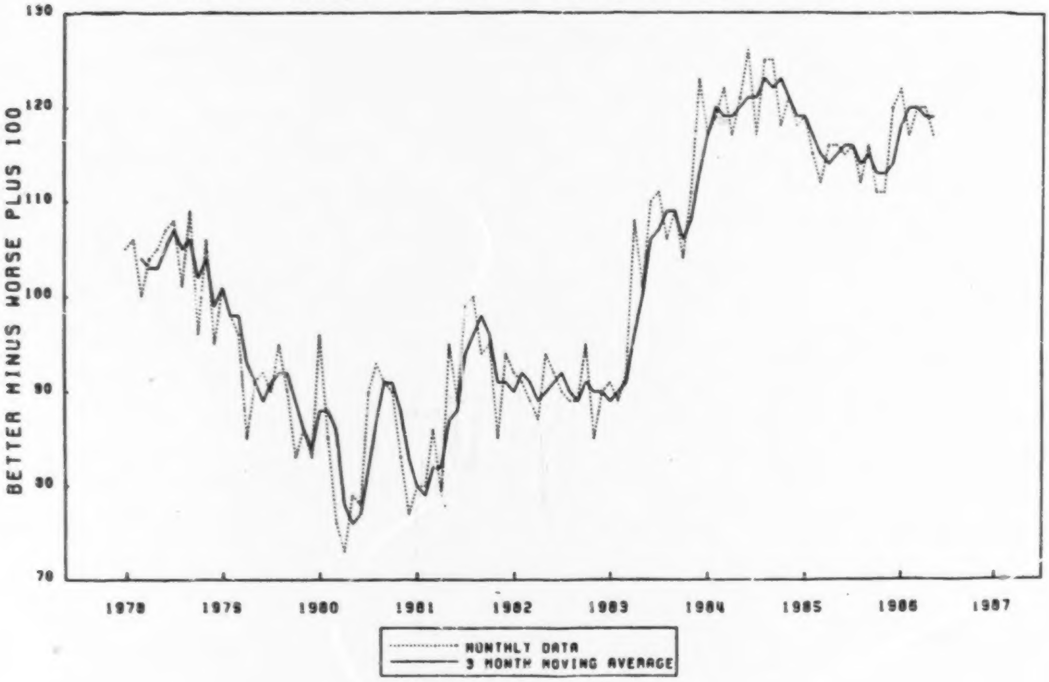


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

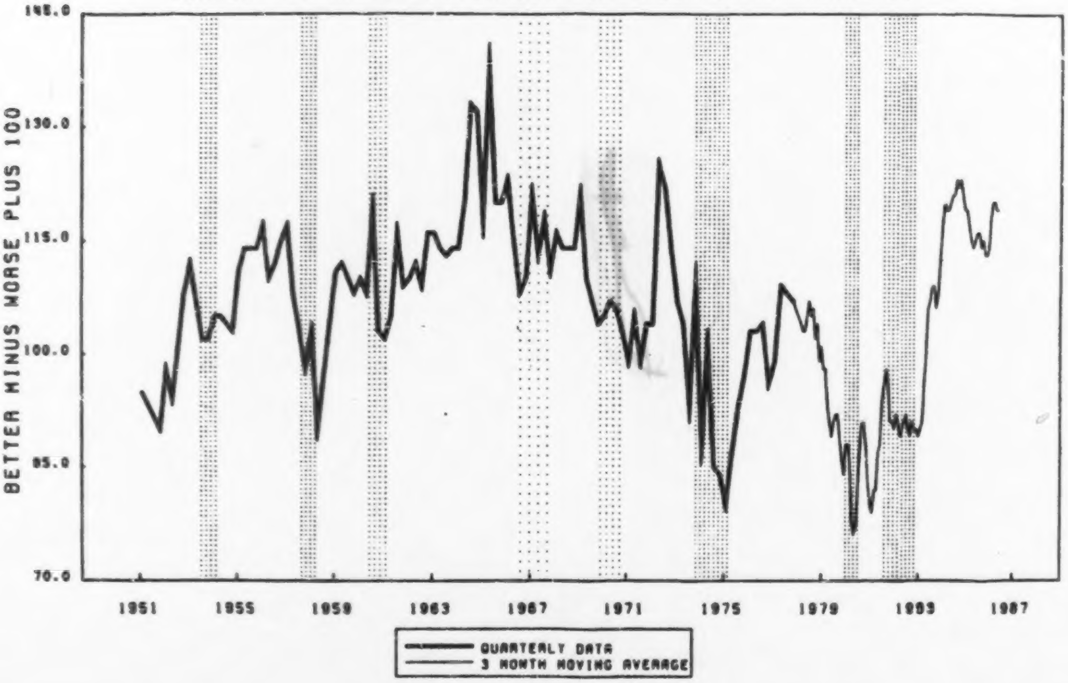


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
BETTER OFF	40%	43%	42%	41%	43%	39%	38%	46%	45%	44%	44%	45%	42%
SAME	36	29	32	29	28	33	34	28	32	29	32	30	33
WORSE OFF	24	28	26	29	27	28	27	26	23	27	24	25	25
DK,NA	*	*	*	1	2	*	1	*	*	*	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

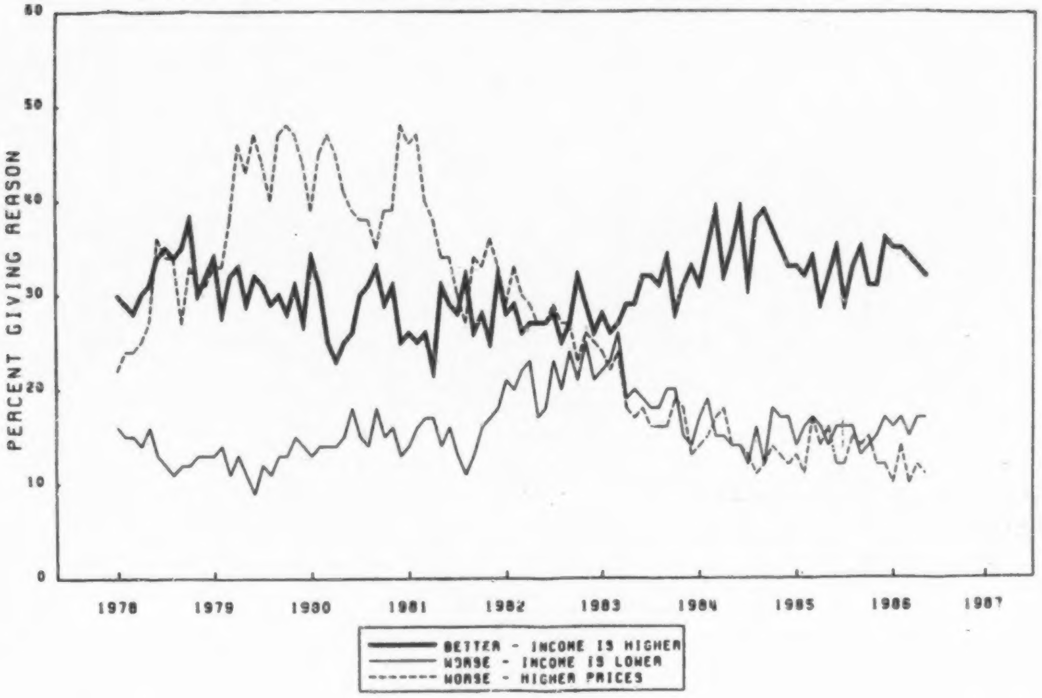


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

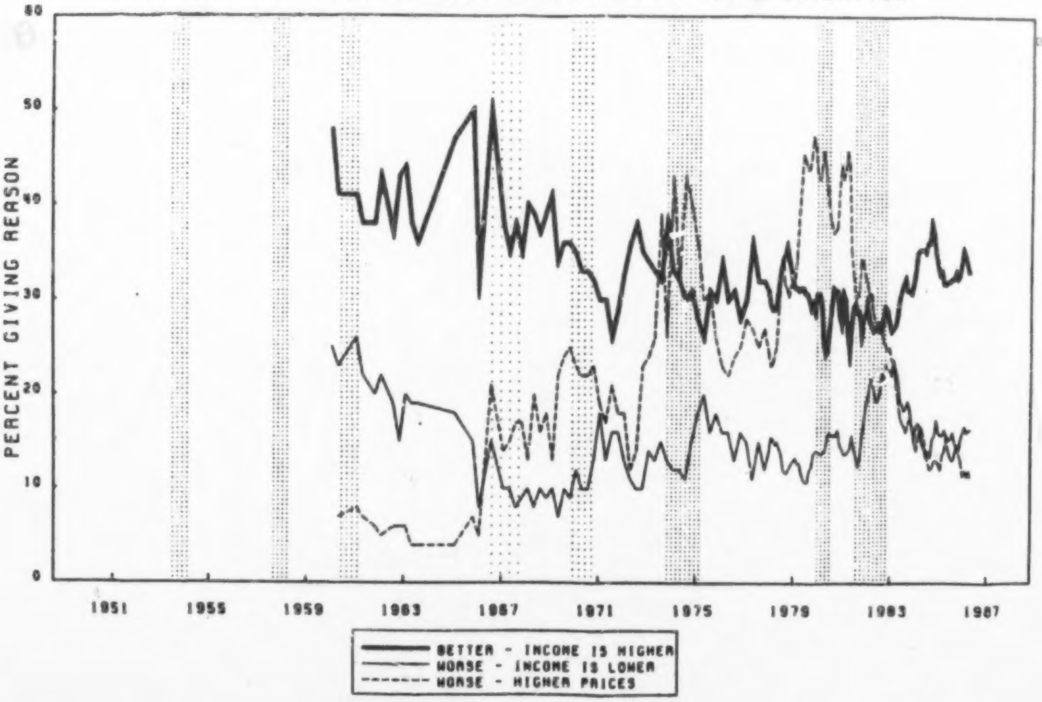


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	32%	35%	29%	33%	35%	31%	31%	36%	35%	35%	34%	33%	32%
WORSE OFF THAN YEAR AGO:													
Income is lower	14	16	16	16	13	14	15	17	16	17	15	17	17
Higher prices	16	12	12	15	14	15	12	12	10	14	10	12	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

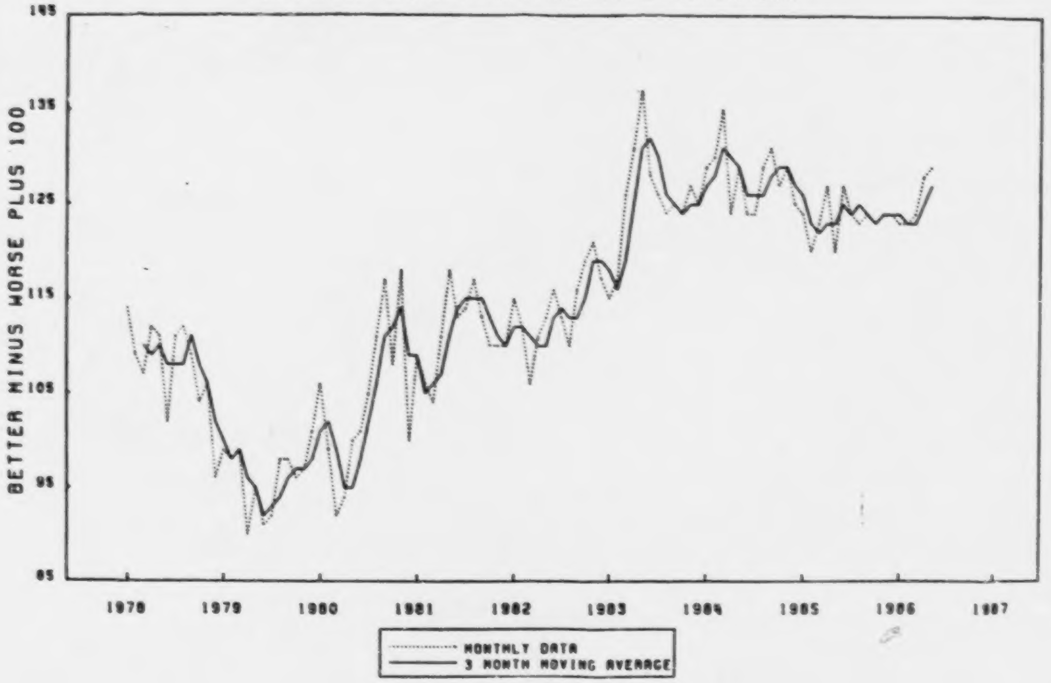


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

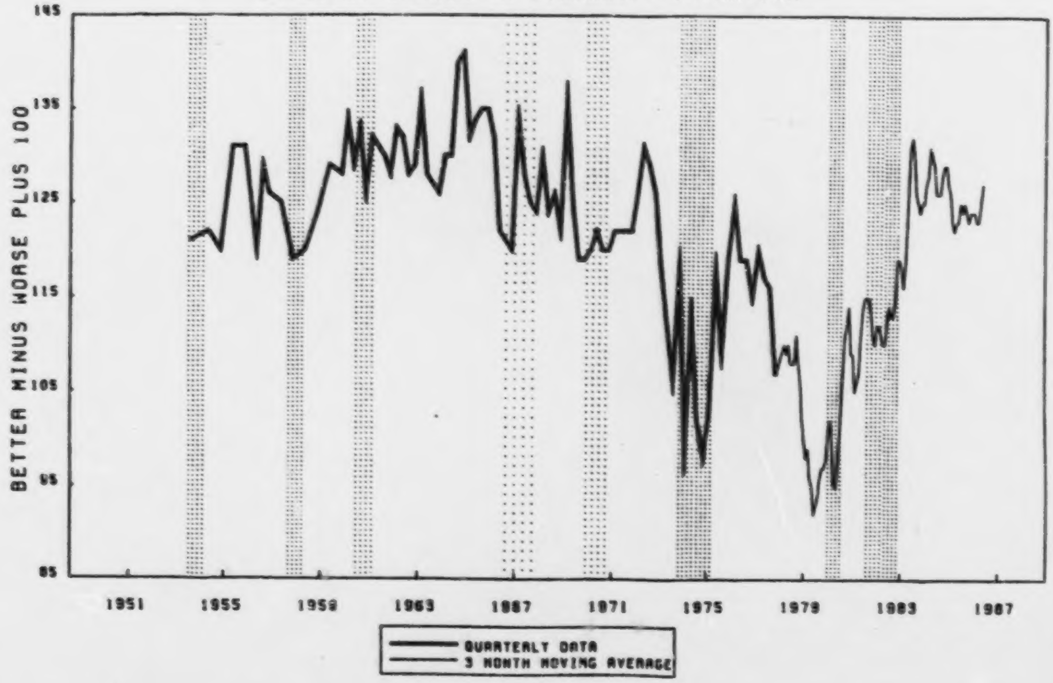


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
BETTER OFF	34%	36%	35%	36%	35%	33%	36%	33%	35%	35%	37%	38%	40%
SAME	49	52	51	48	50	54	48	55	50	50	47	49	47
WORSE OFF	14	9	11	13	11	10	12	9	12	12	13	10	11
DK,NA	3	3	3	3	4	3	4	3	3	3	3	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

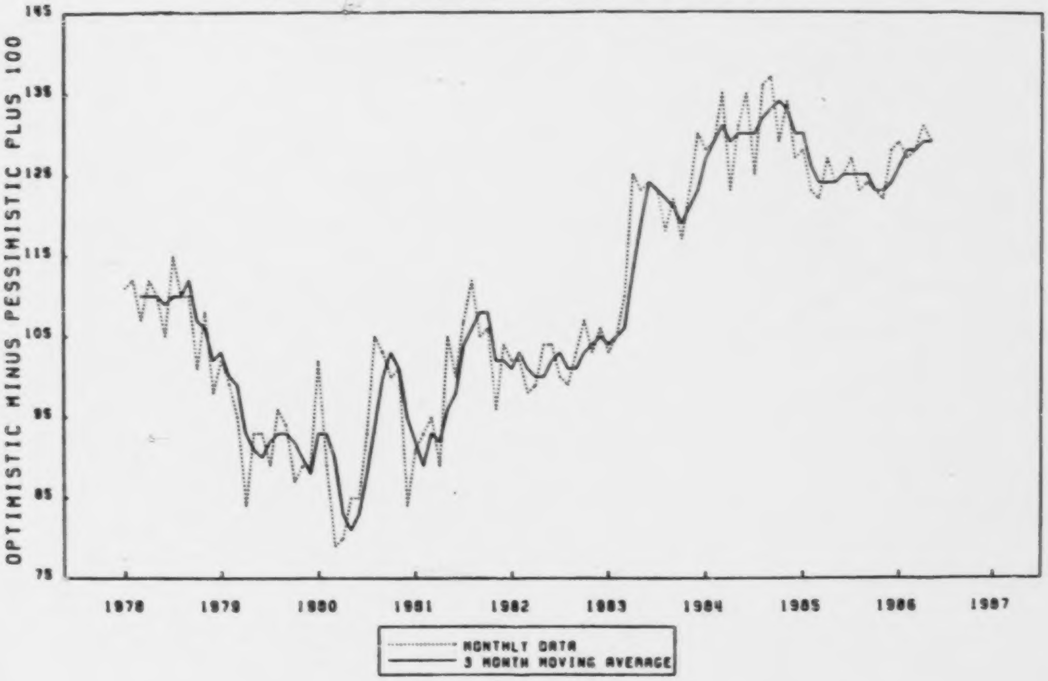


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

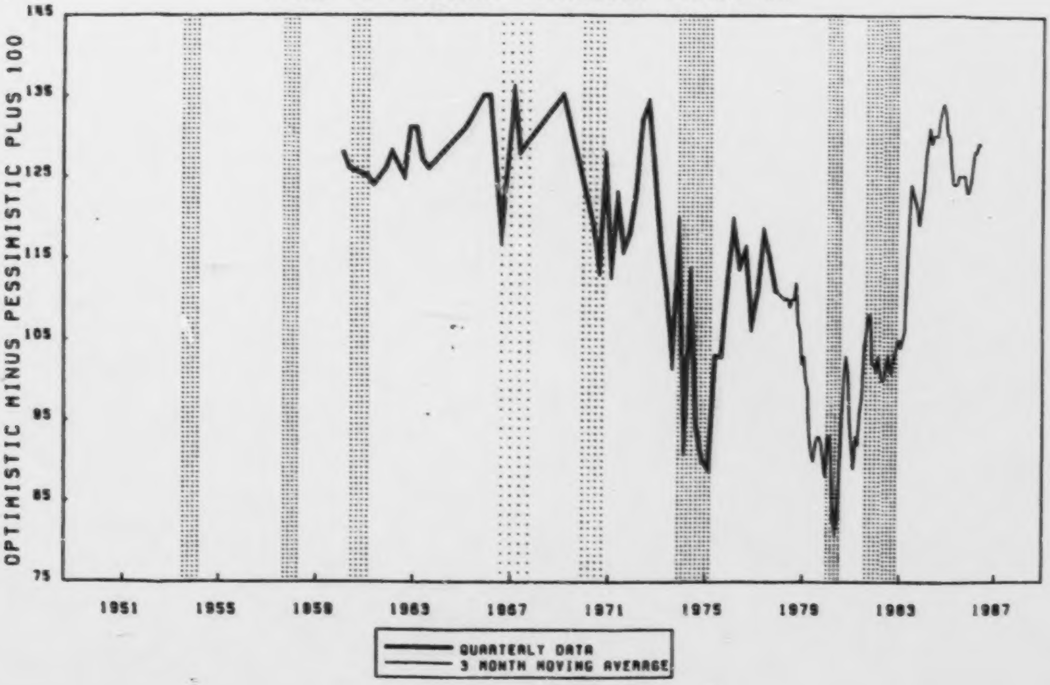


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	22%	20%	19%	22%	18%	19%	20%	21%	20%	22%	23%	22%
Intermittant increase (b)	26	25	26	25	24	26	25	29	29	29	27	28	26
Remain unchanged (c)	21	19	21	19	18	23	20	18	18	16	18	16	19
Intermittant decline (d)	16	17	13	14	15	15	17	17	16	16	14	16	15
Continuous decline (e)	6	5	6	7	7	6	5	4	5	6	7	4	4
Mixed change (f)	8	9	10	12	9	9	10	10	9	11	9	10	11
DK,NA	3	3	4	4	5	3	4	2	2	2	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

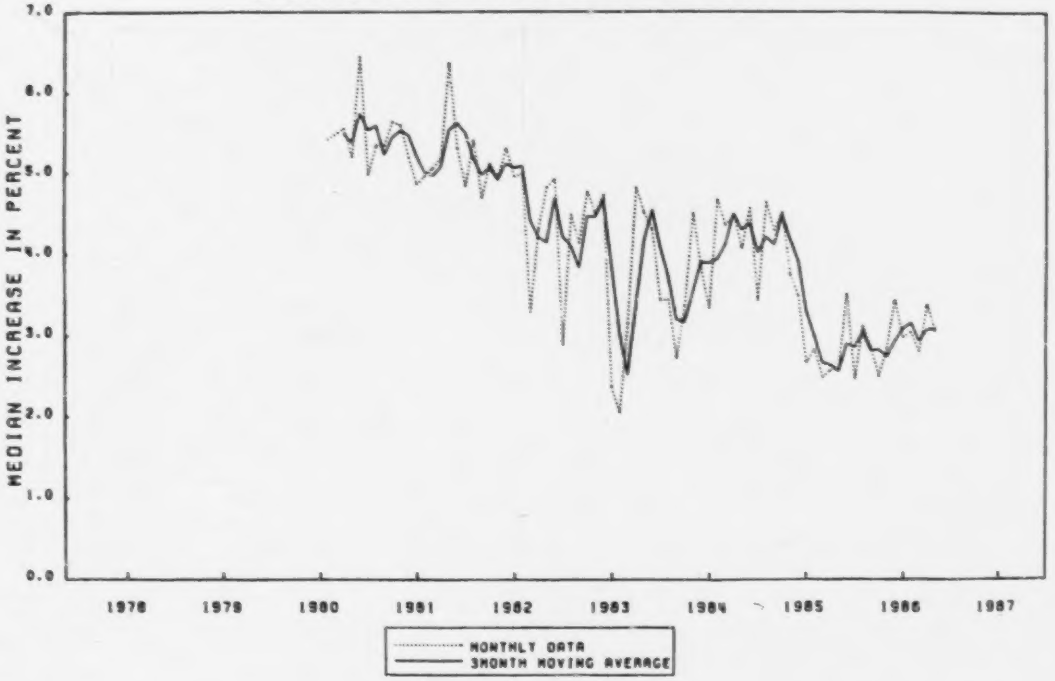


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

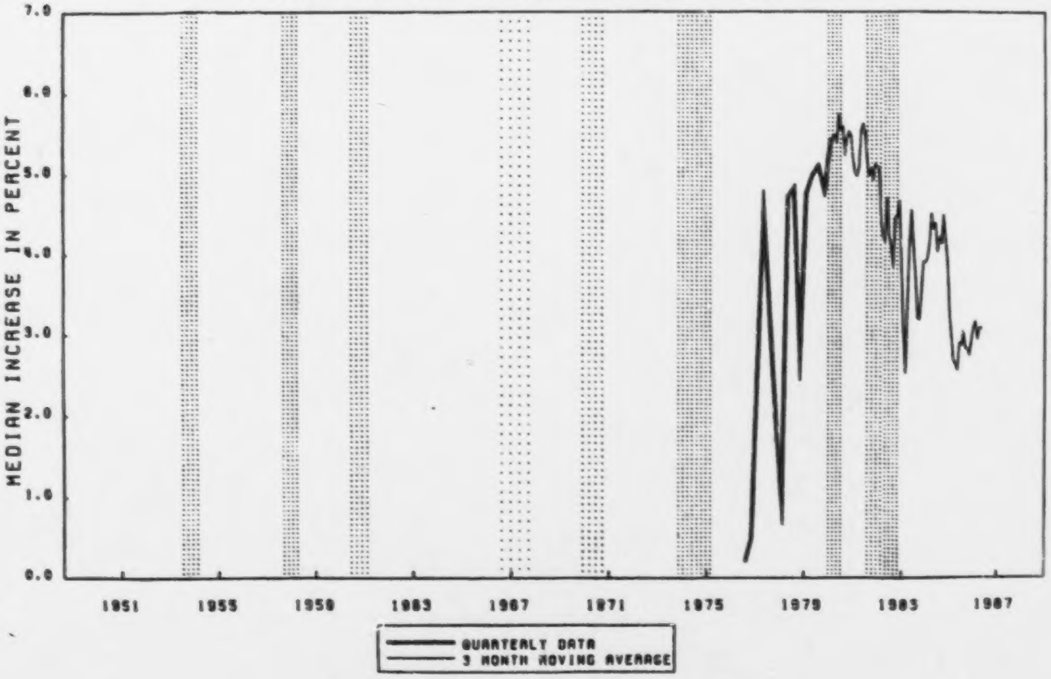


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
EXPECT INCREASE:													
1-4%	16%	11%	13%	13%	13%	13%	17%	14%	11%	17%	16%	13%	16%
5%	9	11	11	10	9	7	9	11	12	10	10	9	9
6-9%	5	7	7	8	8	8	8	8	7	8	6	8	10
10-24%	16	16	14	18	14	17	14	17	16	16	14	19	15
25% or more	7	10	6	5	8	6	6	6	7	6	7	7	6
DK how much up	4	4	3	3	4	5	4	5	4	3	4	3	3
EXPECT SAME	28	26	28	29	28	29	26	25	28	27	27	25	25
EXPECT DOWN	13	14	16	12	13	14	14	12	14	12	15	15	14
DK,NA	2	1	2	2	3	1	2	2	1	1	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

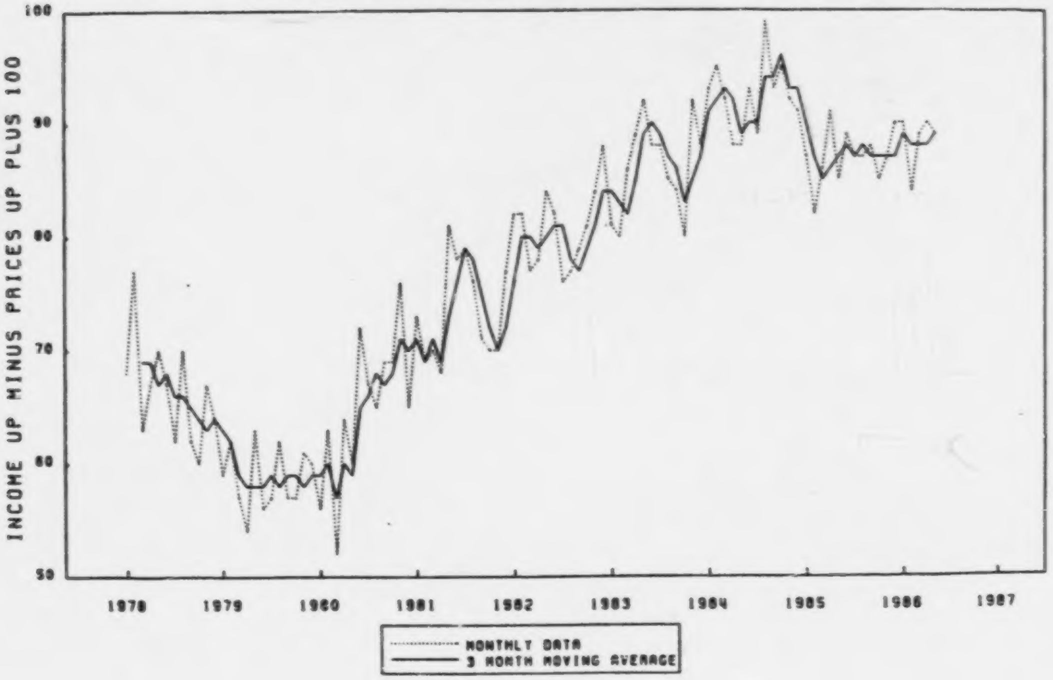


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

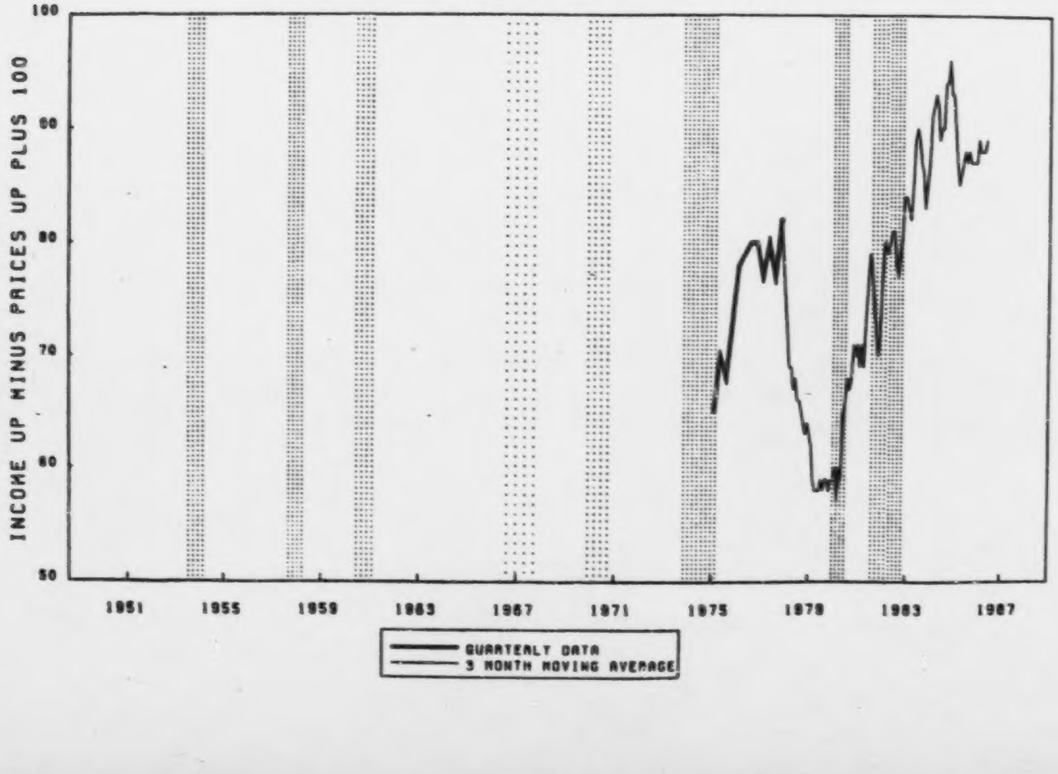


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
INCOME UP MORE	22%	19%	19%	22%	22%	20%	20%	23%	21%	19%	21%	21%	21%
INCOME UP SAME	39	48	47	40	42	43	43	42	47	43	44	45	44
PRICES UP MORE	37	30	32	35	34	35	33	33	31	35	32	31	32
DK,NA	2	3	2	3	2	2	4	2	1	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

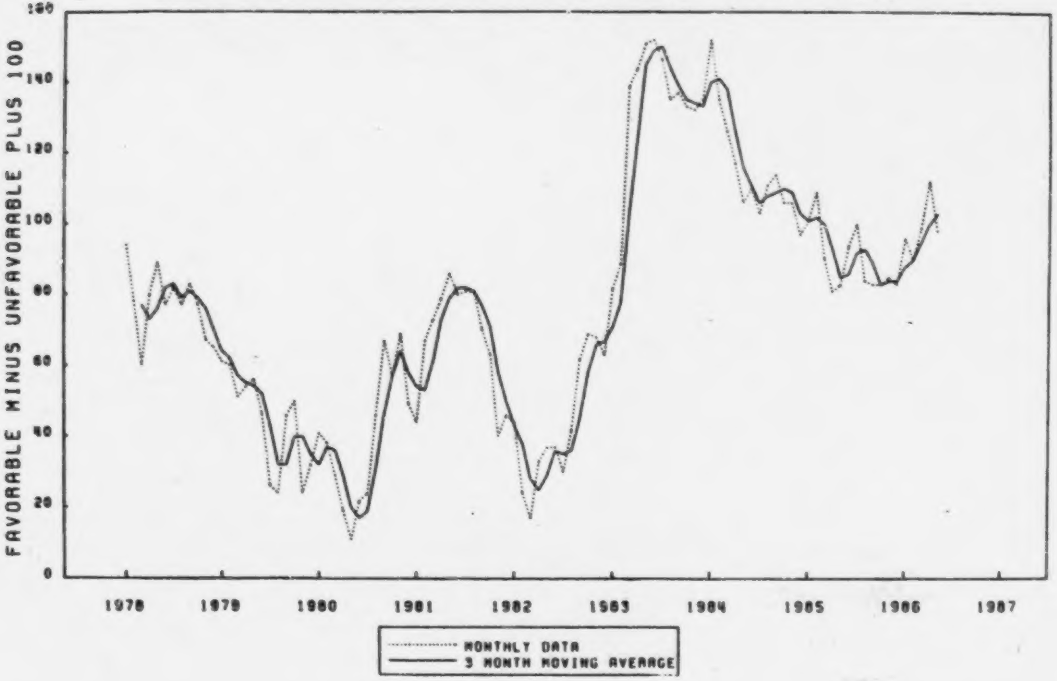


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

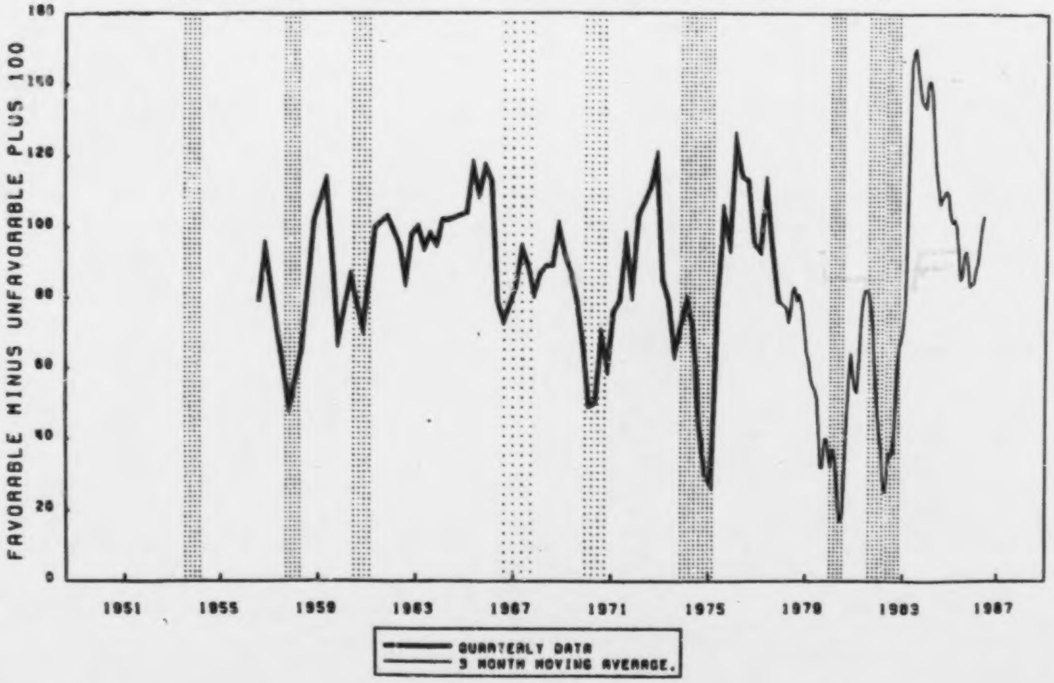


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
FAVORABLE NEWS	30%	37%	40%	30%	31%	28%	32%	33%	37%	34%	46%	55%	42%
UNFAVORABLE NEWS	47	43	40	46	48	45	47	50	41	44	47	43	44
NO MENTIONS	48	50	46	49	47	52	47	47	47	46	43	38	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

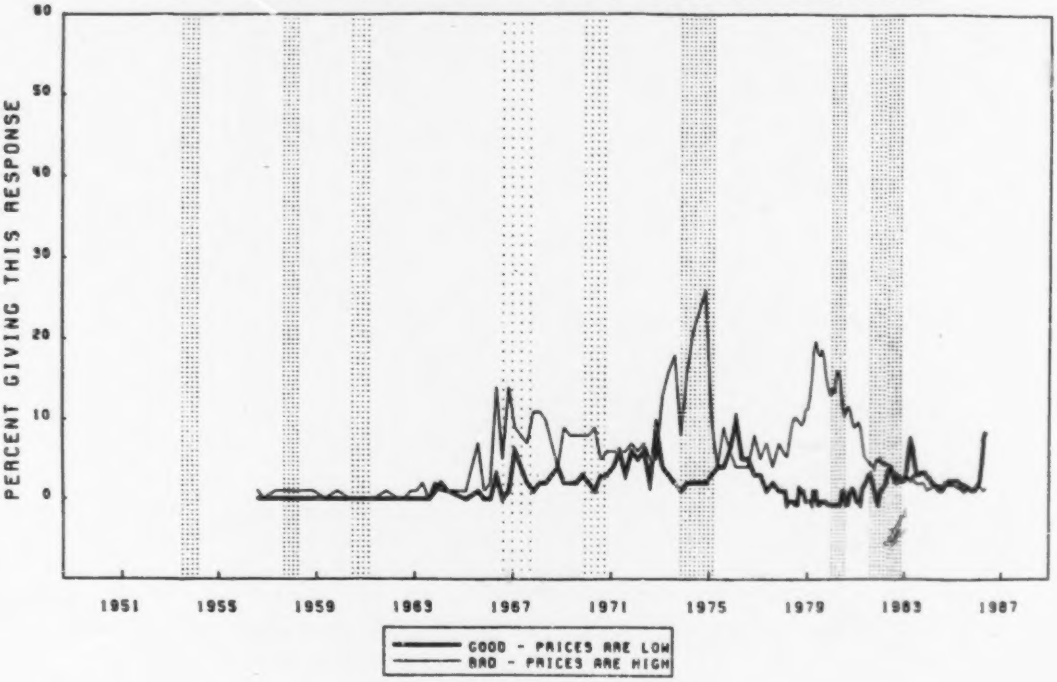


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

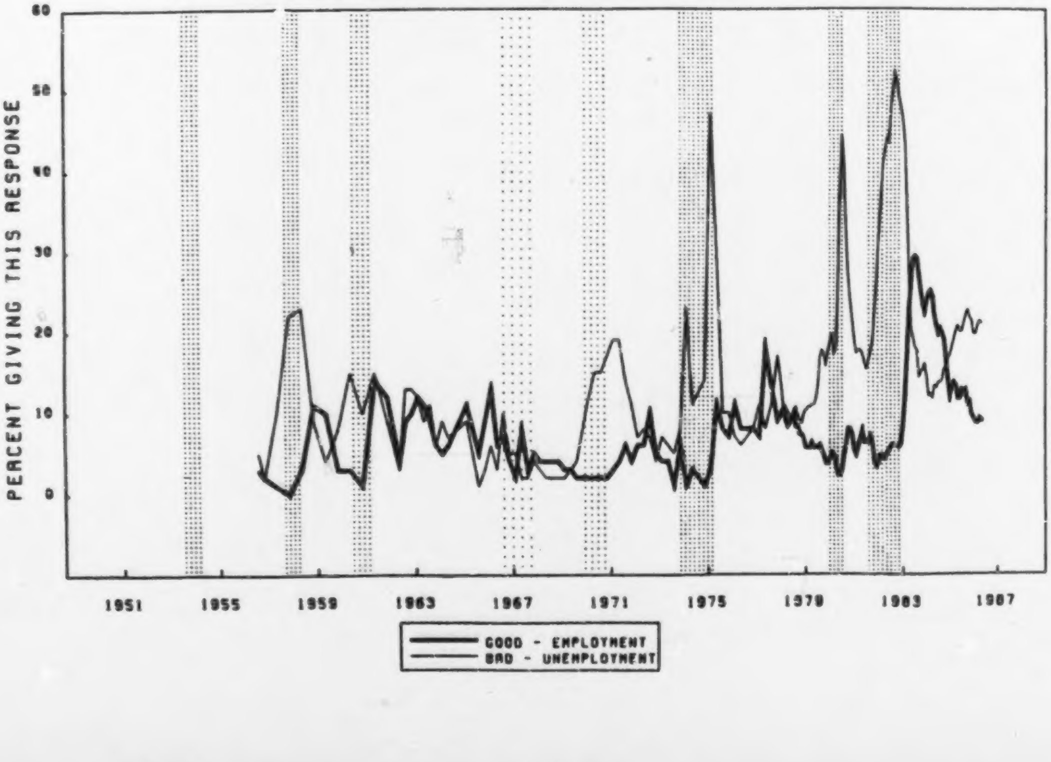


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
FAVORABLE NEWS:													
Government; elections	2%	5%	2%	1%	1%	1%	3%	2%	2%	2%	*	1%	2%
Employment	12	12	14	11	13	9	12	8	8	10	8	10	9
Higher consumer demand	3	4	3	2	4	3	3	3	3	1	3	3	2
Lower prices	1	1	2	1	1	1	1	2	2	3	8	11	6
Easier credit	3	7	10	8	6	4	6	7	9	8	15	17	11
UNFAVORABLE NEWS:													
Government; elections	4	6	4	4	5	5	4	5	5	3	3	3	3
Unemployment	21	18	21	24	21	23	21	20	18	21	23	20	20
Lower consumer demand	3	3	2	3	2	1	2	5	3	1	2	2	3
Higher prices	2	2	1	2	1	1	2	2	2	1	1	1	2
Tighter credit	2	1	1	1	1	1	2	2	1	*	*	1	1
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	*	1

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

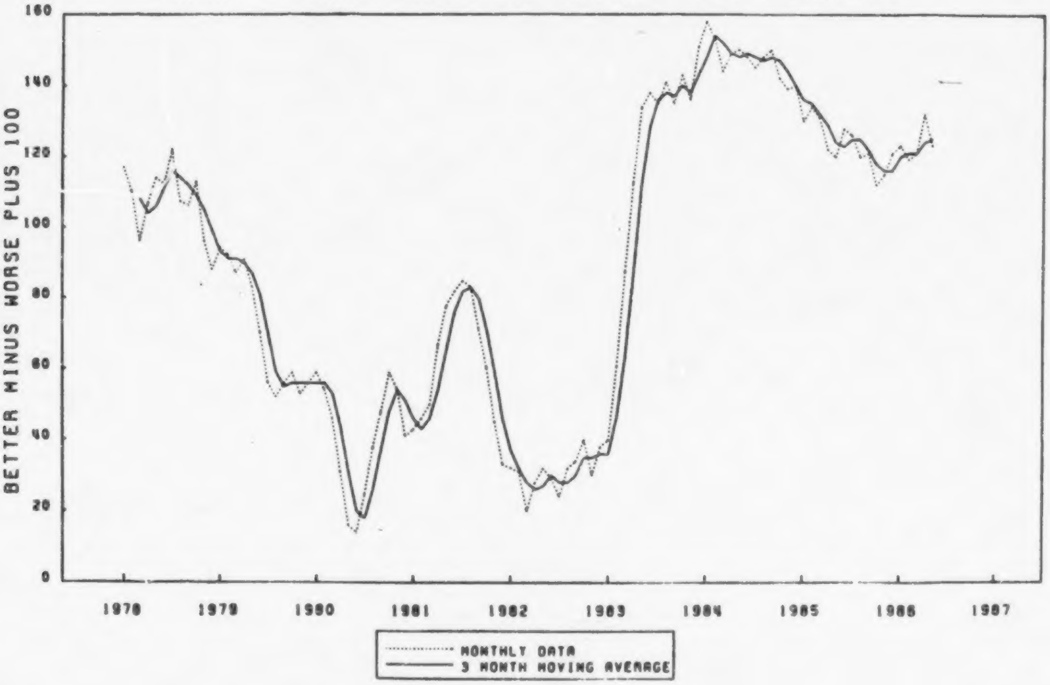


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

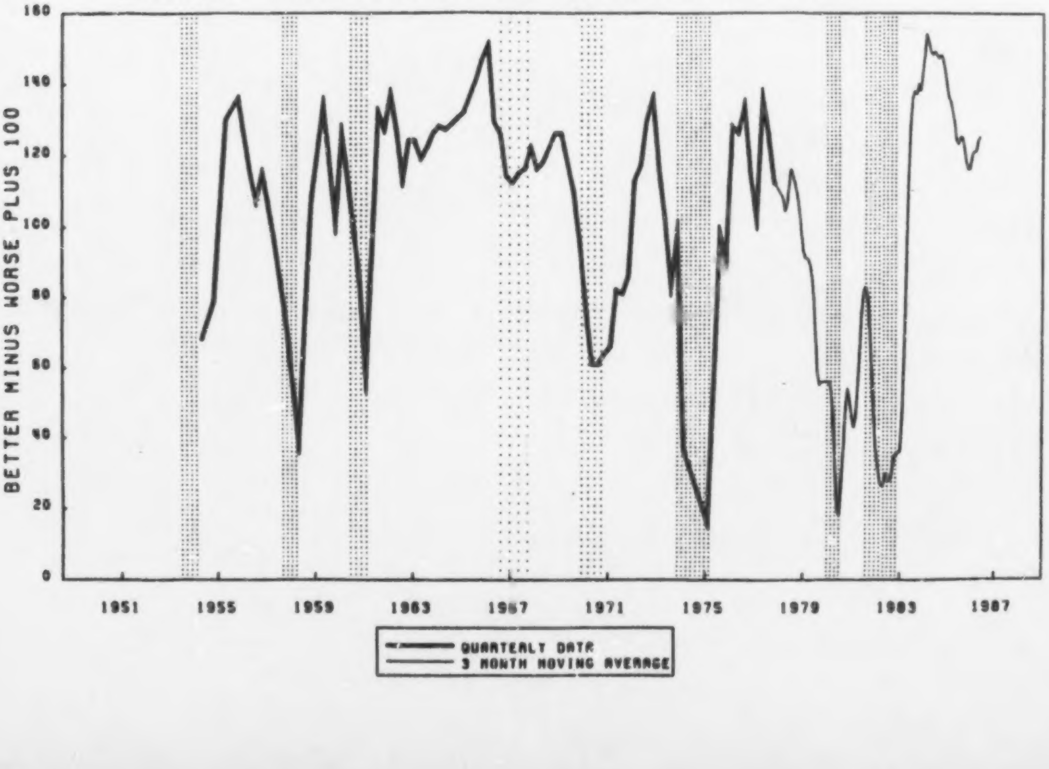


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
BETTER NOW	53%	56%	56%	51%	52%	47%	50%	52%	52%	51%	53%	61%	54%
SAME	13	14	13	16	14	16	12	16	17	15	13	9	13
WORSE NOW	33	28	30	31	31	35	35	31	29	32	32	29	31
DK,NA	1	2	1	2	3	2	3	1	2	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

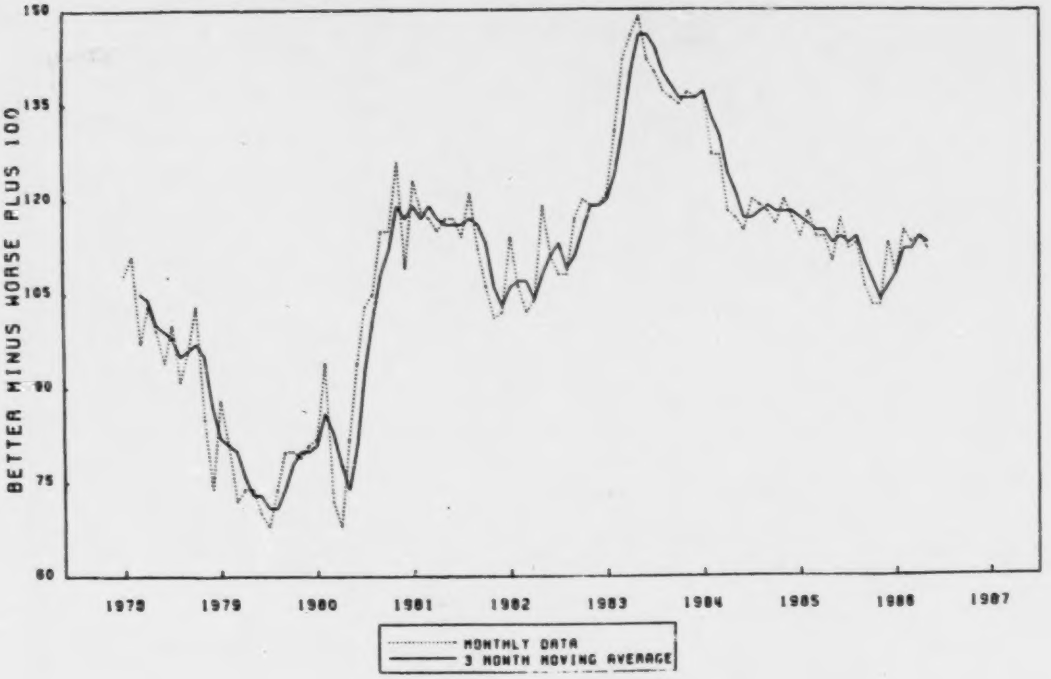


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

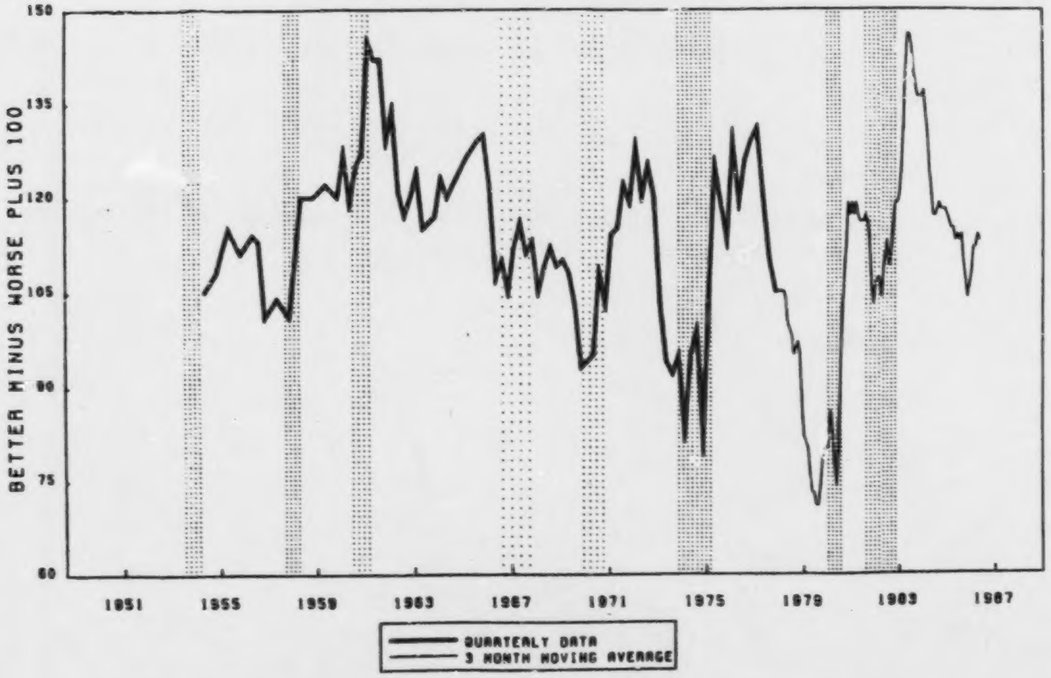


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
BETTER	27%	29%	26%	27%	23%	23%	21%	27%	24%	27%	29%	29%	26%
SAME	54	57	57	57	58	54	59	58	58	59	53	55	57
WORSE	17	12	14	14	17	20	18	14	16	12	16	15	14
DK,NA	2	2	3	2	2	3	2	1	2	2	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

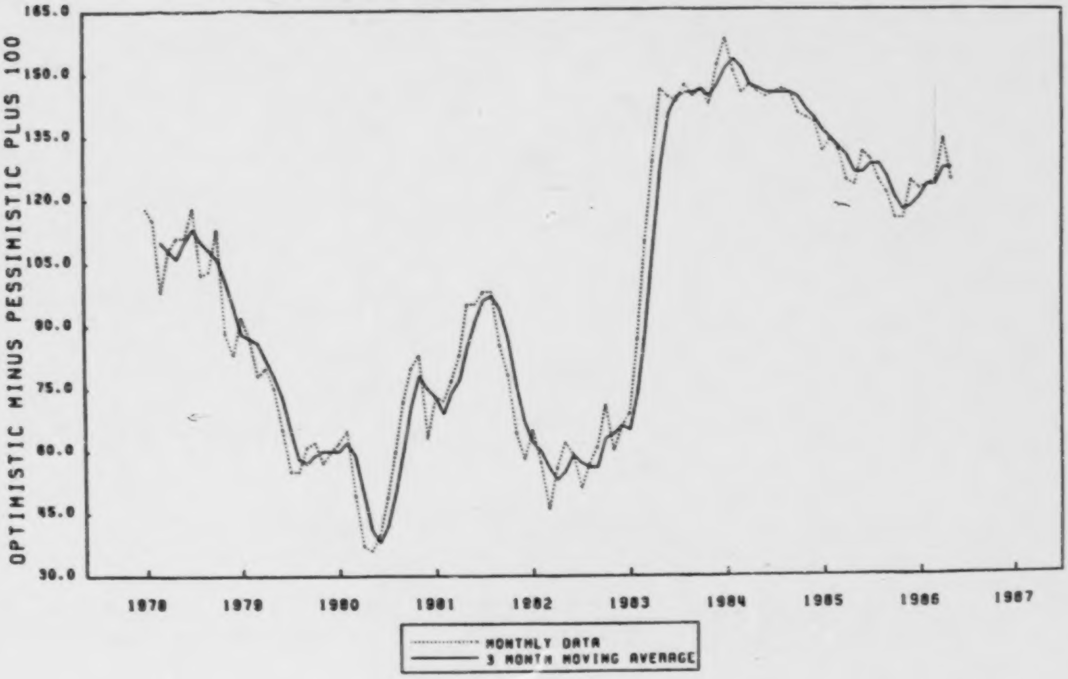


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

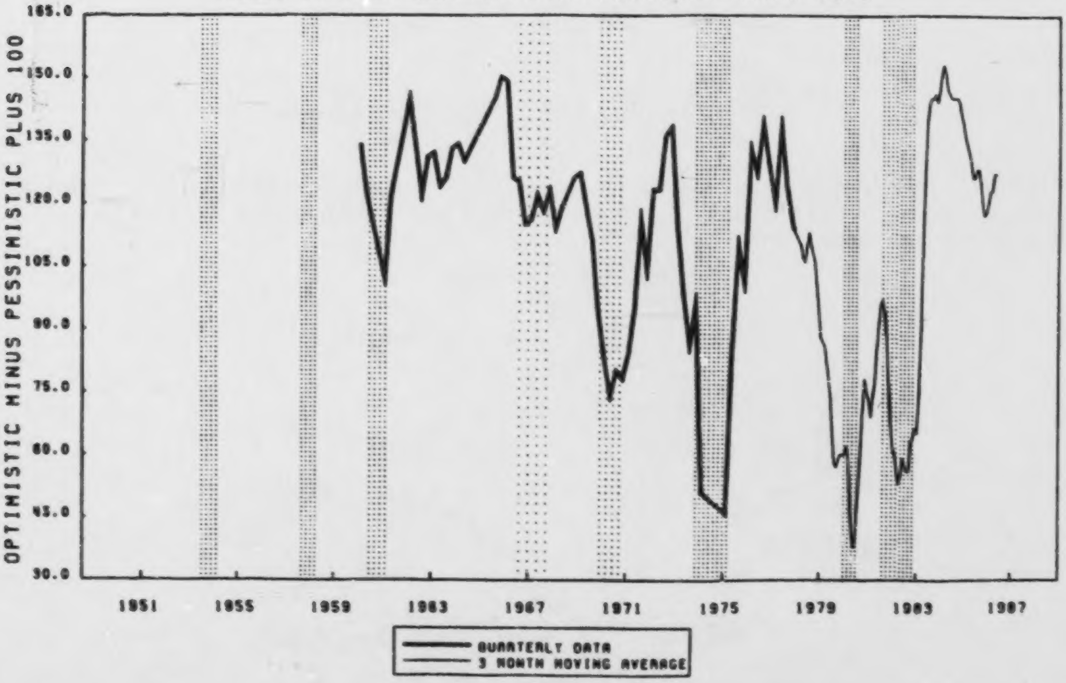


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
TREND:													
Continuous increase (a)	18%	22%	19%	19%	16%	16%	14%	19%	16%	19%	20%	23%	19%
Intermittant increase (b)	34	34	36	33	34	31	34	33	33	33	32	35	33
Remain unchanged (c)	8	9	9	10	9	10	8	10	11	10	7	7	8
Intermittant decline (d)	18	17	16	18	19	18	21	19	19	20	18	14	20
Continuous decline (e)	11	8	10	10	10	14	12	9	8	9	10	10	8
Mixed change (f)	8	6	6	7	8	7	7	7	10	6	10	8	9
DK,NA	3	4	4	3	4	4	4	3	3	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

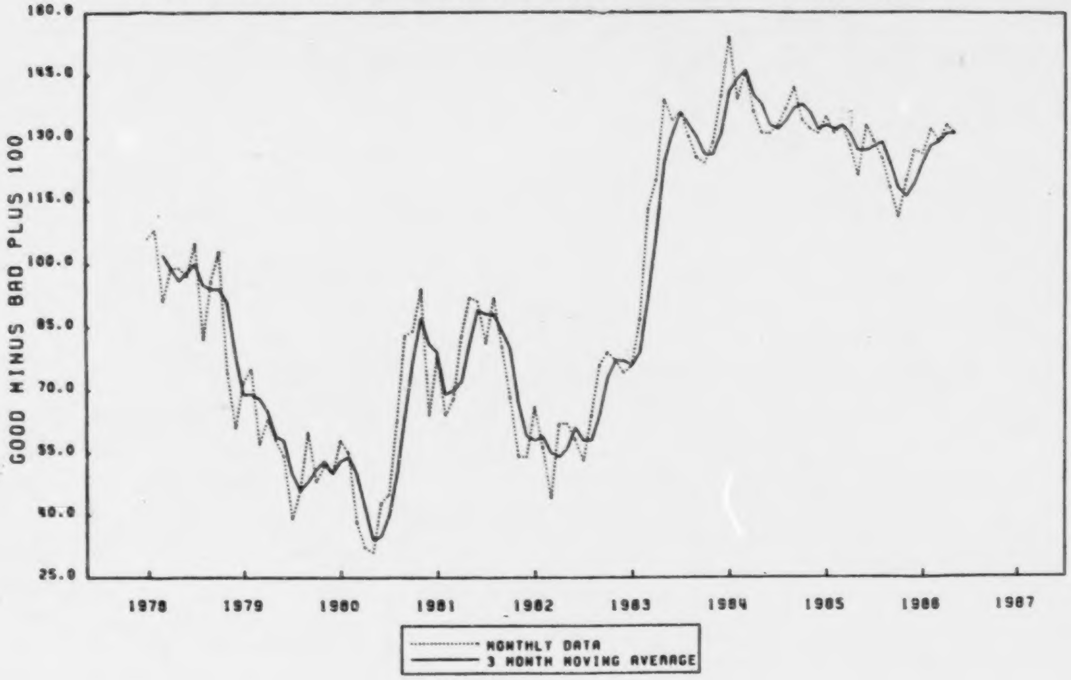


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

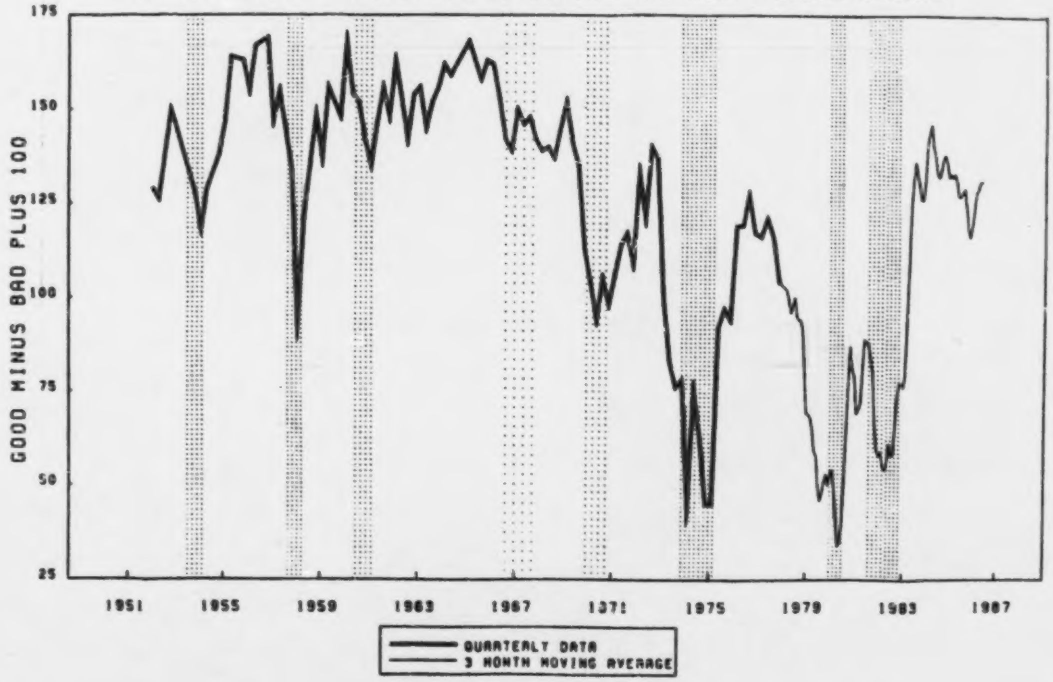


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIMES	55%	59%	58%	57%	52%	49%	53%	57%	58%	61%	58%	61%	60%
UNCERTAIN; GOOD & BAD	1	3	3	4	4	3	4	4	3	2	3	2	2
BAD TIMES	34	26	29	32	34	38	33	30	32	29	29	28	29
DON'T KNOW	6	5	7	4	8	5	6	7	5	4	7	6	5
NOT ASCERTAINED	4	7	3	3	2	5	4	2	2	4	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

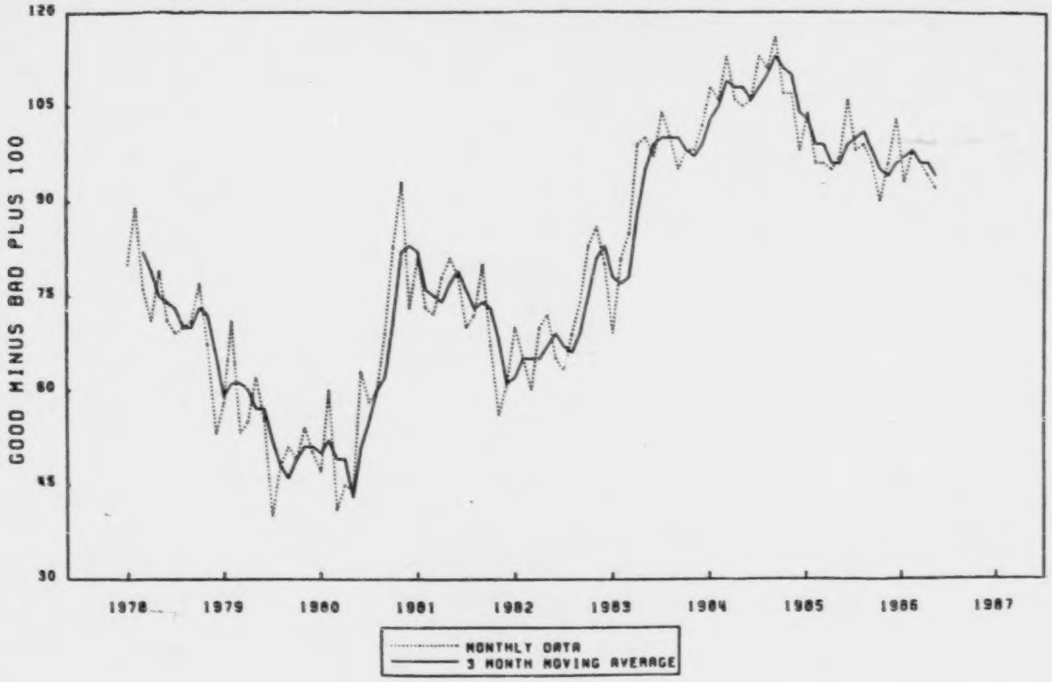


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

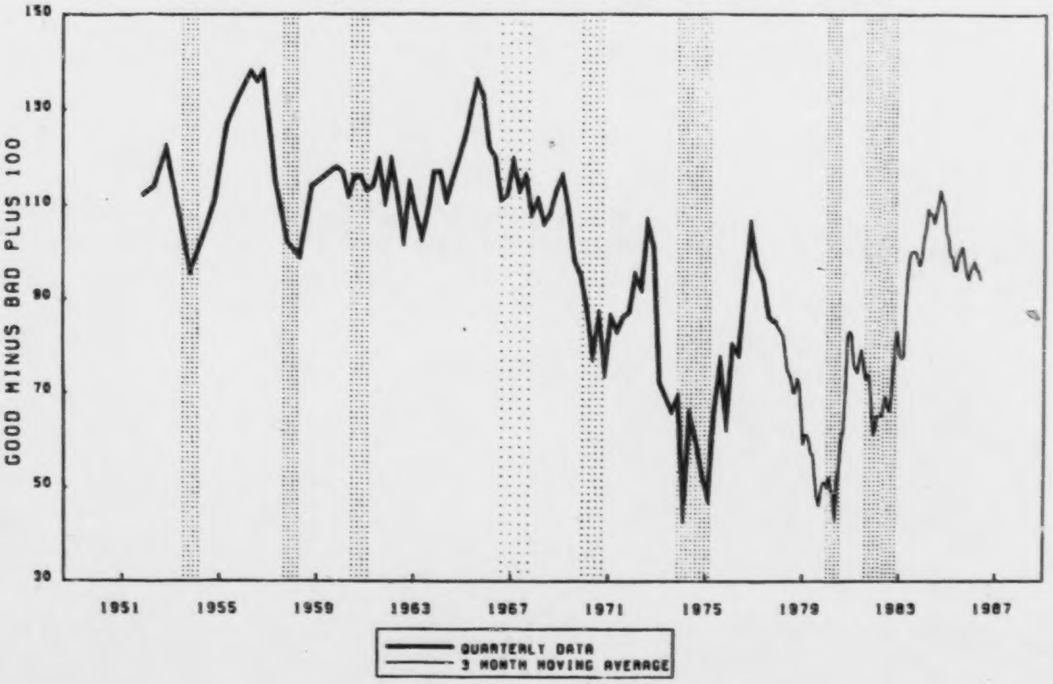


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIMES	40%	43%	41%	41%	38%	35%	38%	40%	39%	42%	39%	36%	37%
UNCERTAIN; GOOD & BAD	14	17	13	14	16	15	14	17	12	11	13	18	14
BAD TIMES	43	37	43	42	42	45	42	37	46	44	43	42	45
NOT ASCERTAINED	3	3	3	3	4	5	6	6	3	3	5	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

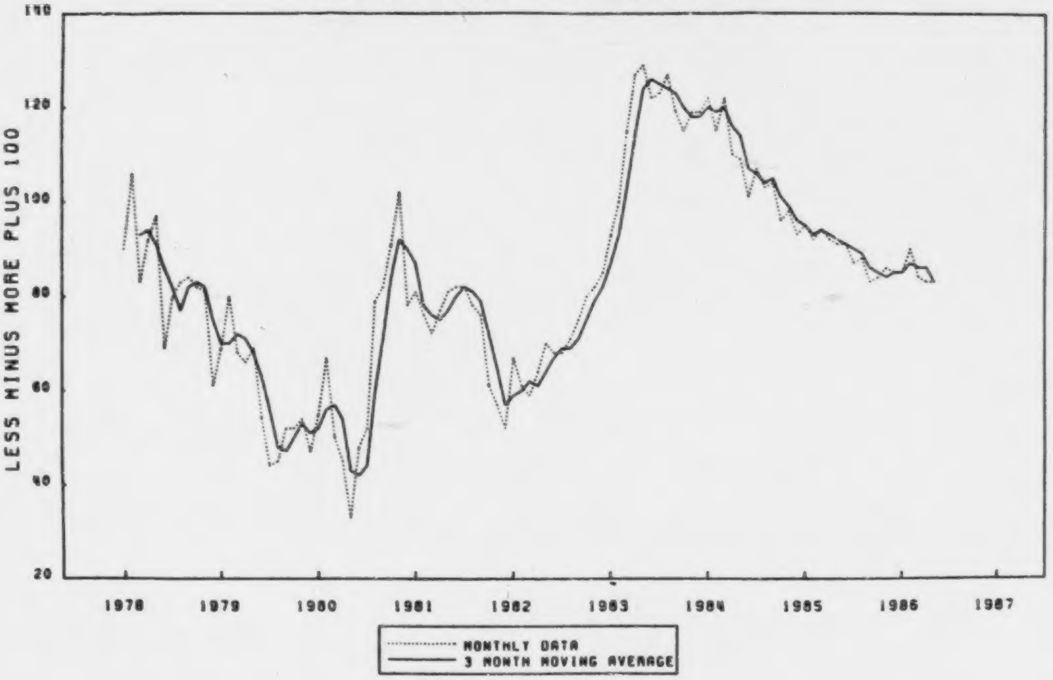


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

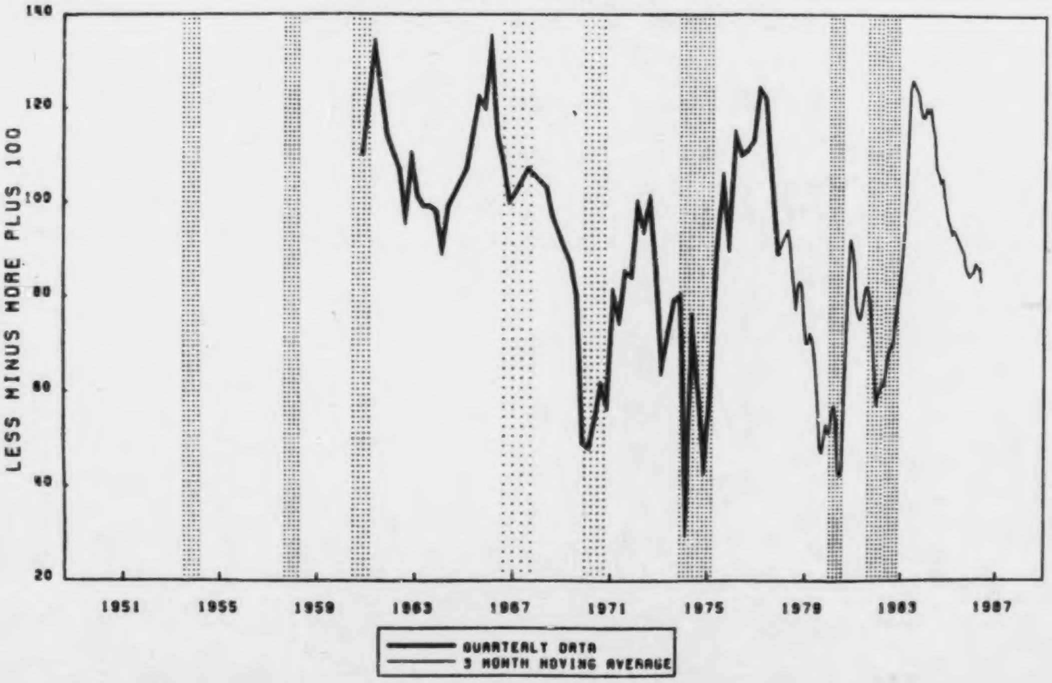


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
LESS	19%	16%	14%	17%	14%	16%	15%	15%	15%	19%	17%	15%	14%
SAME	52	58	58	52	53	51	54	54	54	51	48	51	54
MORE	28	25	27	29	31	32	29	30	30	29	33	32	31
DK,NA	1	1	1	2	2	1	2	1	1	1	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

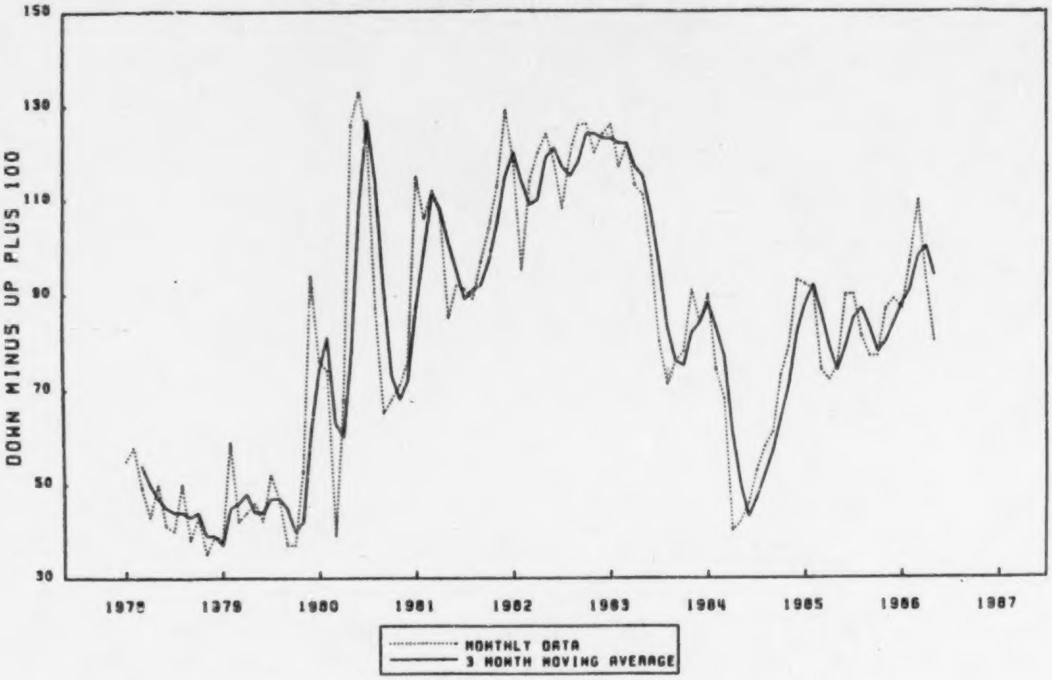


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

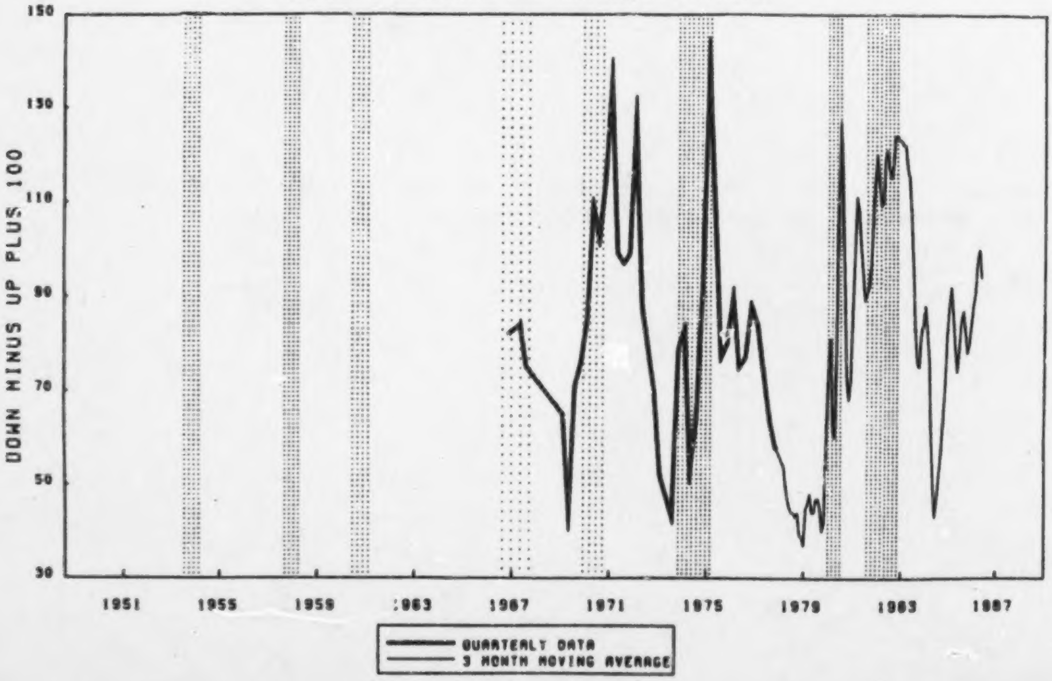


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GO UP	44%	36%	35%	41%	43%	44%	36%	36%	38%	30%	26%	35%	41%
STAY THE SAME	34	36	38	35	34	33	37	37	34	40	35	34	35
GO DOWN	19	26	25	22	20	21	23	25	25	27	36	28	21
DK,NA	3	2	2	2	3	2	4	2	3	3	3	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

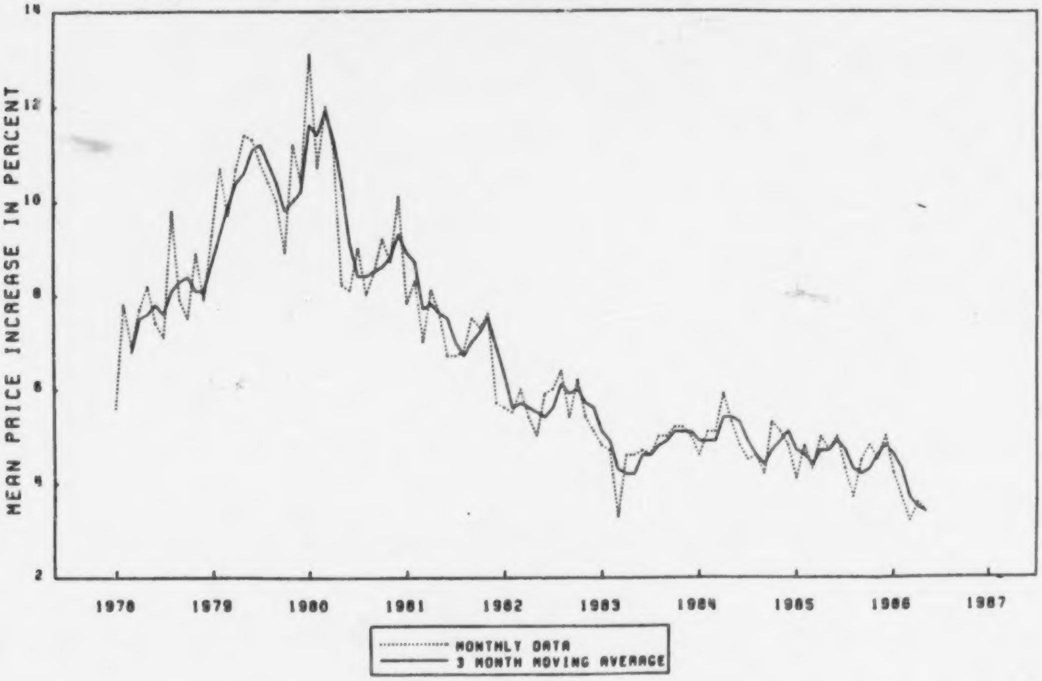


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

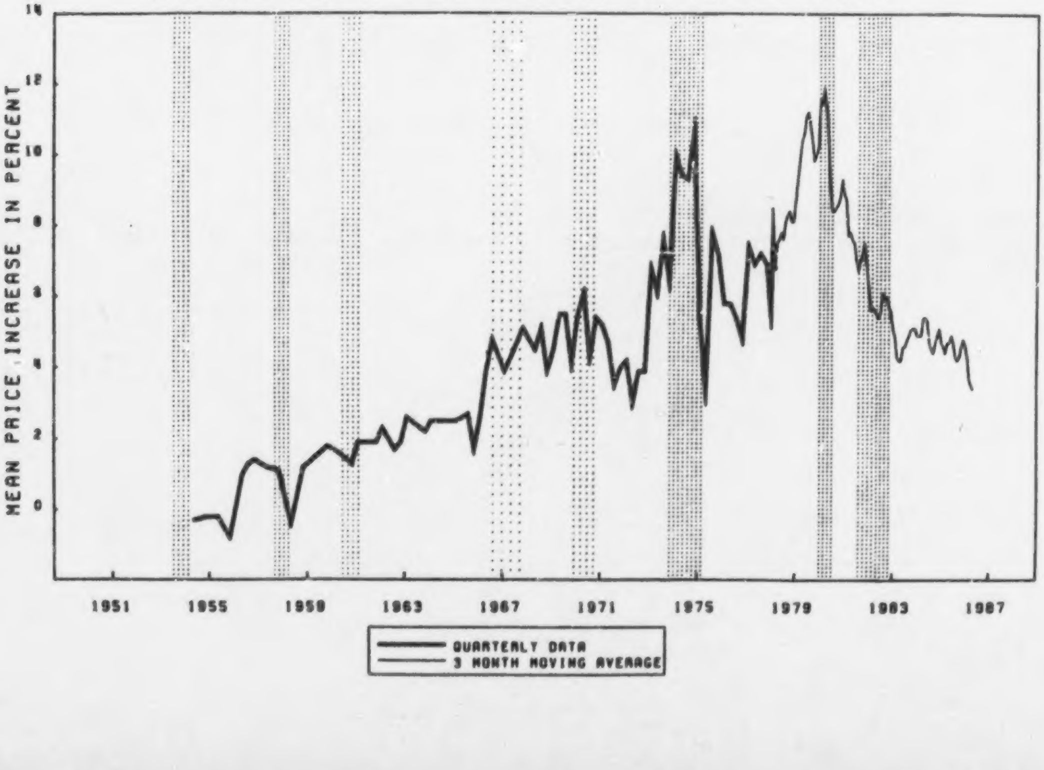


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
SAME OR DOWN	20%	19%	24%	26%	26%	23%	25%	21%	24%	28%	36%	35%	31%
WILL GO UP BY:													
1-2%	17	16	19	18	18	13	14	11	16	16	13	15	13
3-4%	20	21	20	21	17	21	20	22	24	19	16	18	22
5%	20	19	14	16	14	15	16	18	14	17	15	11	14
6-9%	6	6	8	6	6	6	6	6	6	6	4	5	5
10-14%	7	9	6	6	9	12	9	9	6	5	6	7	6
15% or more	6	6	4	4	5	5	5	7	5	3	3	4	3
DK how much up	2	2	4	2	3	4	3	5	4	4	6	4	4
DK,NA	2	2	1	1	2	1	2	1	1	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.7	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4
VARIANCE	46	51	49	21	46	41	42	43	47	38	39	42	27
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

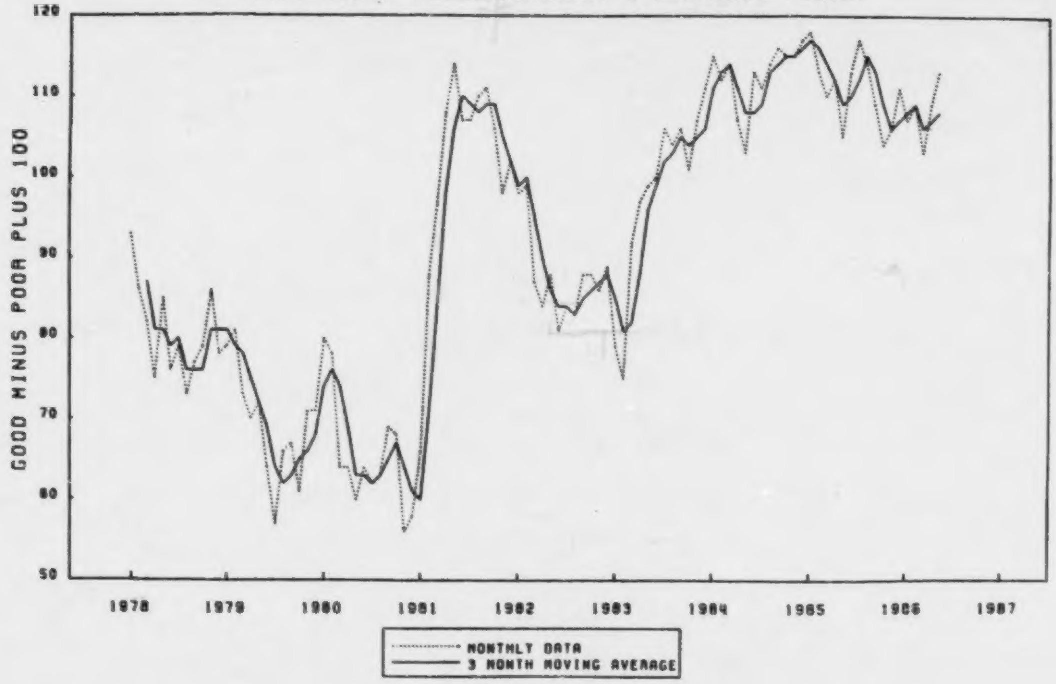


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

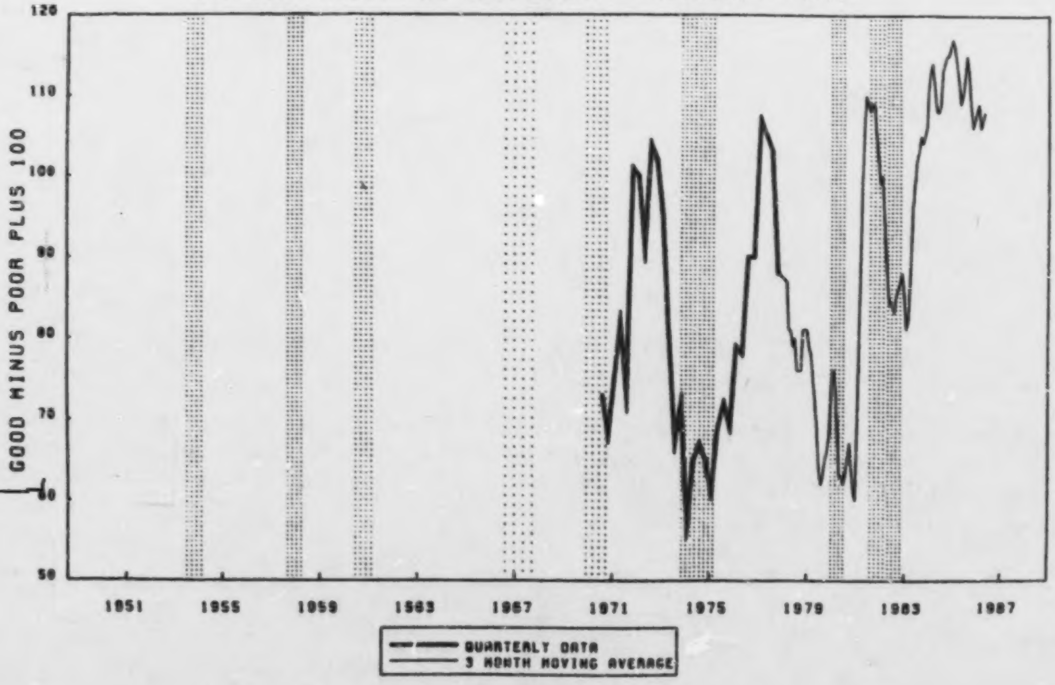


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
A GOOD JOB	26%	29%	31%	29%	29%	25%	28%	28%	27%	29%	25%	29%	30%
ONLY FAIR	51	53	52	53	49	50	48	53	52	48	51	50	49
A POOR JOB	21	16	14	15	20	21	22	17	20	20	22	20	17
DK,NA	2	2	3	3	2	4	2	2	1	3	2	1	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

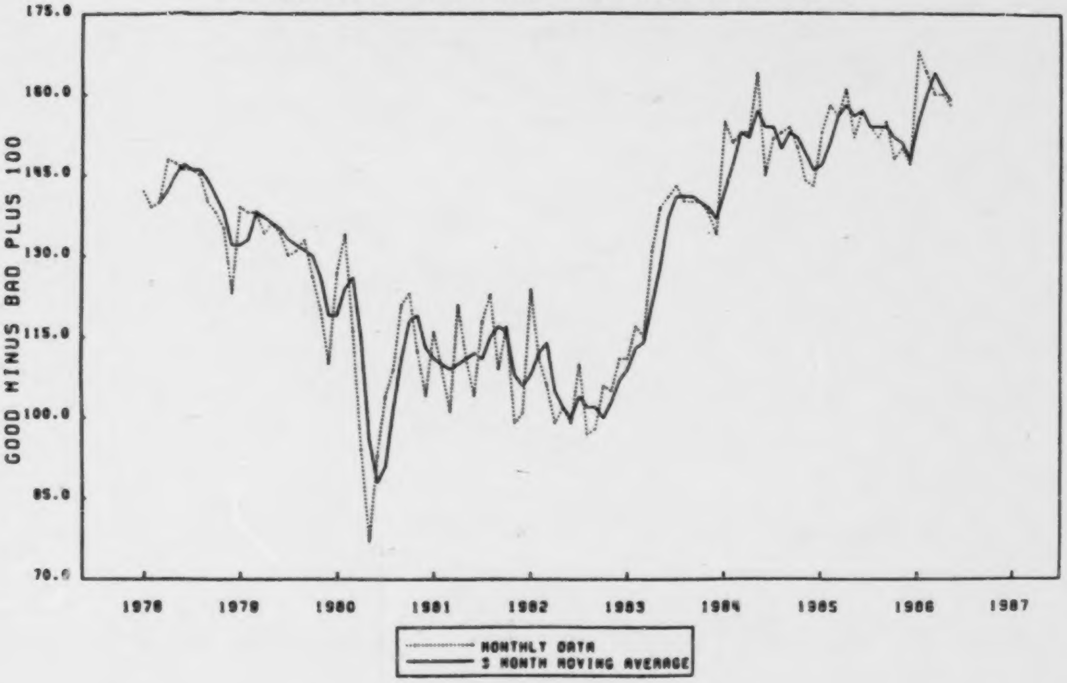


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

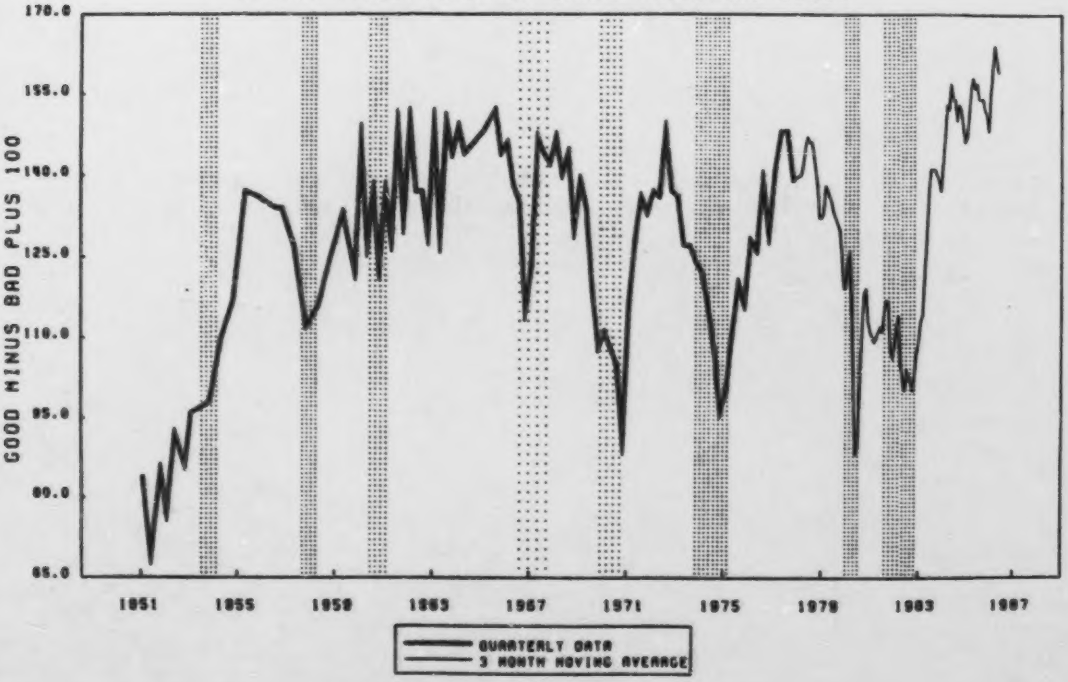


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY	72%	74%	74%	69%	73%	69%	70%	69%	80%	78%	75%	75%	75%
UNCERTAIN, DEPENDS	8	9	6	14	9	10	10	9	8	8	10	10	8
BAD TIME TO BUY	20	17	20	17	18	21	20	22	12	14	15	15	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

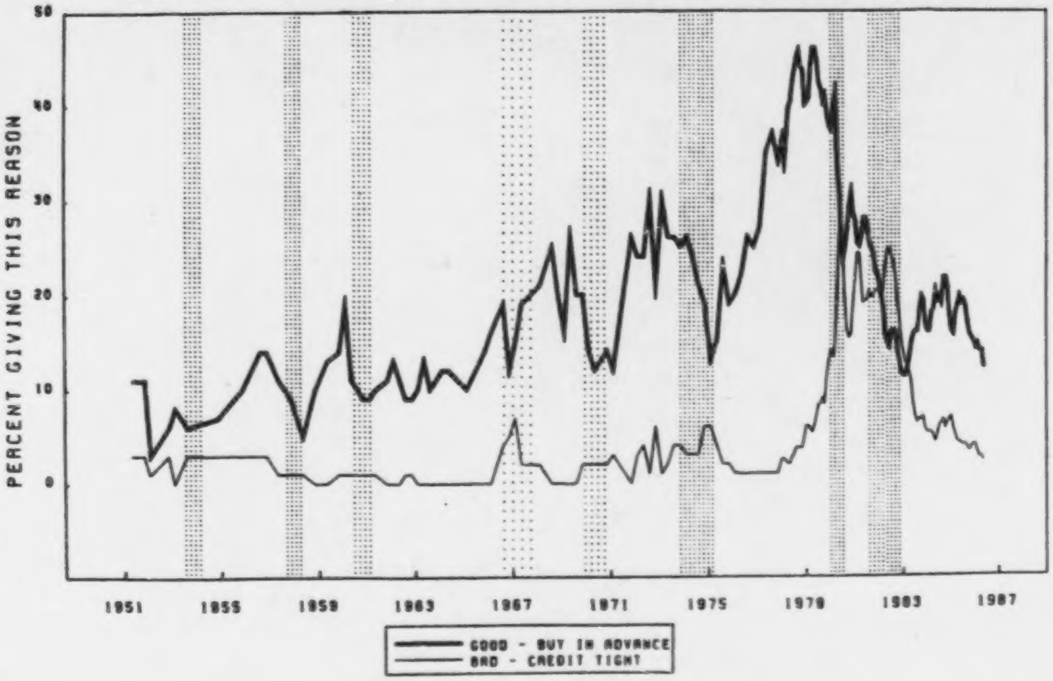


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

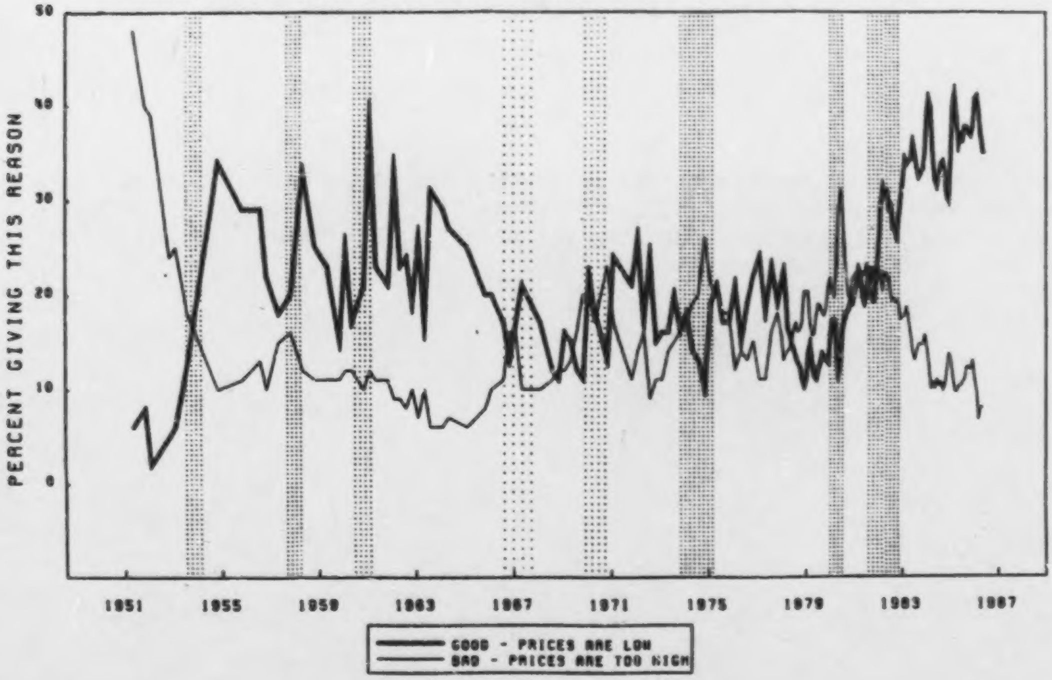


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	34%	39%	36%	38%	39%	34%	37%	42%	43%	38%	37%	35%	33%
Prices won't come down; are going higher	19	20	19	17	15	15	16	14	13	17	12	13	12
Interest rates low; credit is easy	11	13	14	15	14	15	12	12	18	20	21	29	31
BAD TIME TO BUY:													
Prices are high	11	10	11	12	14	11	11	17	5	7	8	9	7
Interest rates are high; credit is tight	4	4	4	4	3	3	5	4	3	3	2	3	2
Lack of purchasing power	9	7	6	5	6	8	7	5	6	6	8	7	9

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

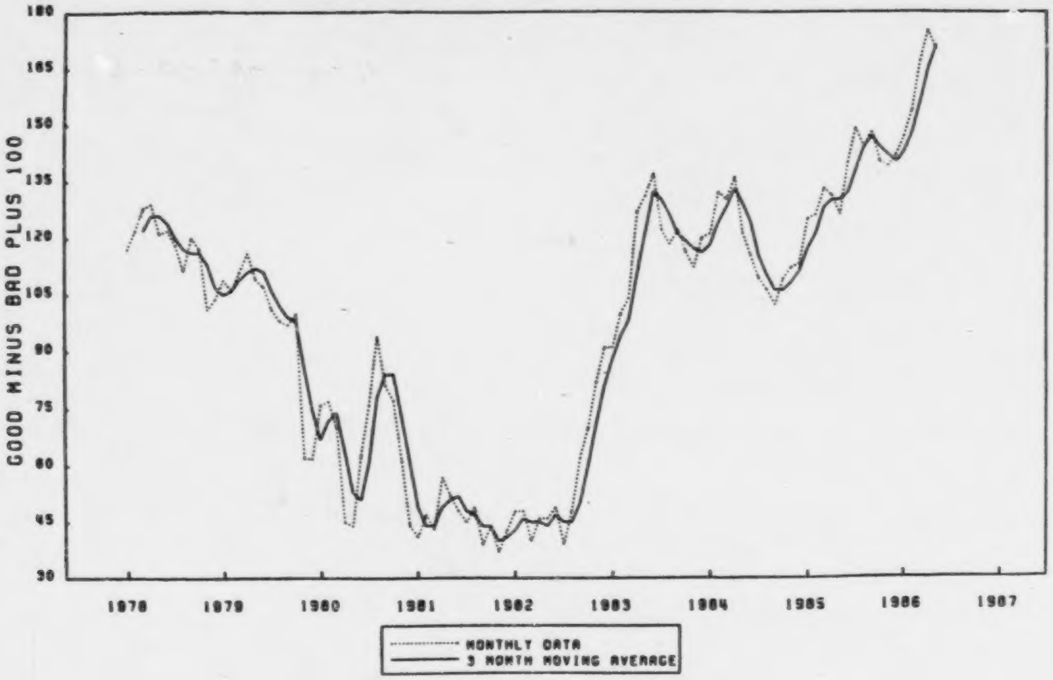


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

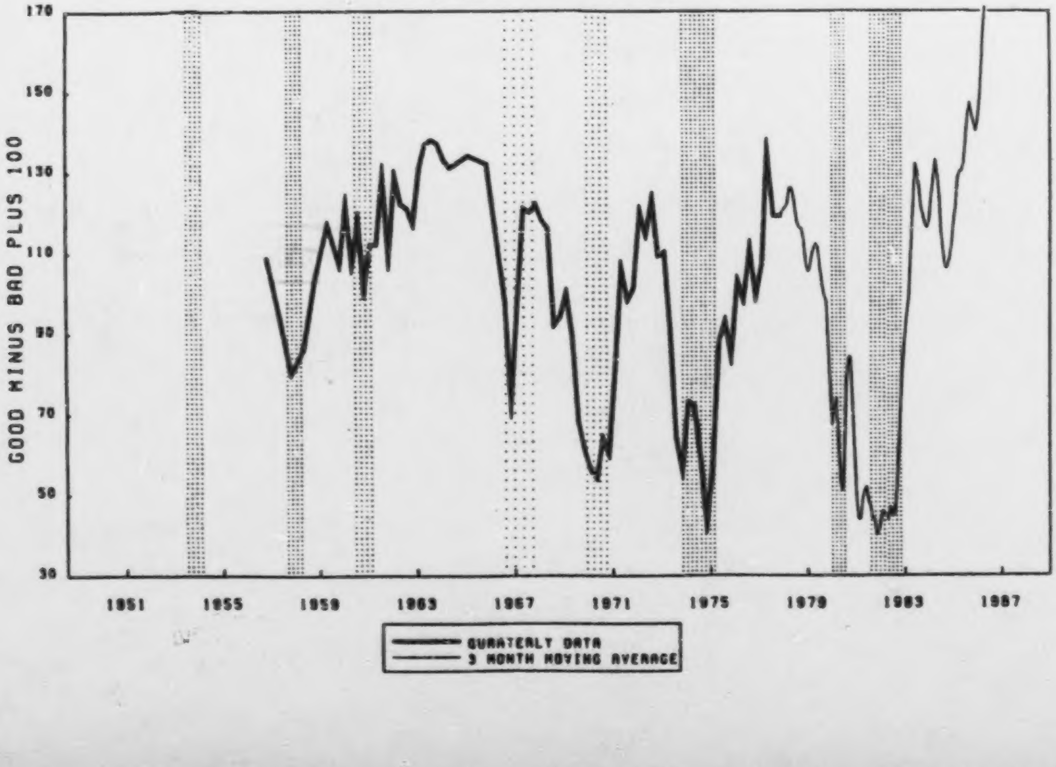


TABLE 23

BUYING CONDITIONS FOR HOUSES

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY	61%	67%	73%	69%	72%	68%	67%	68%	72%	76%	82%	86%	83%
UNCERTAIN, DEPENDS	4	6	3	6	4	4	5	6	3	2	3	3	4
BAD TIME TO BUY	35	27	24	25	24	28	28	26	25	22	15	11	13
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

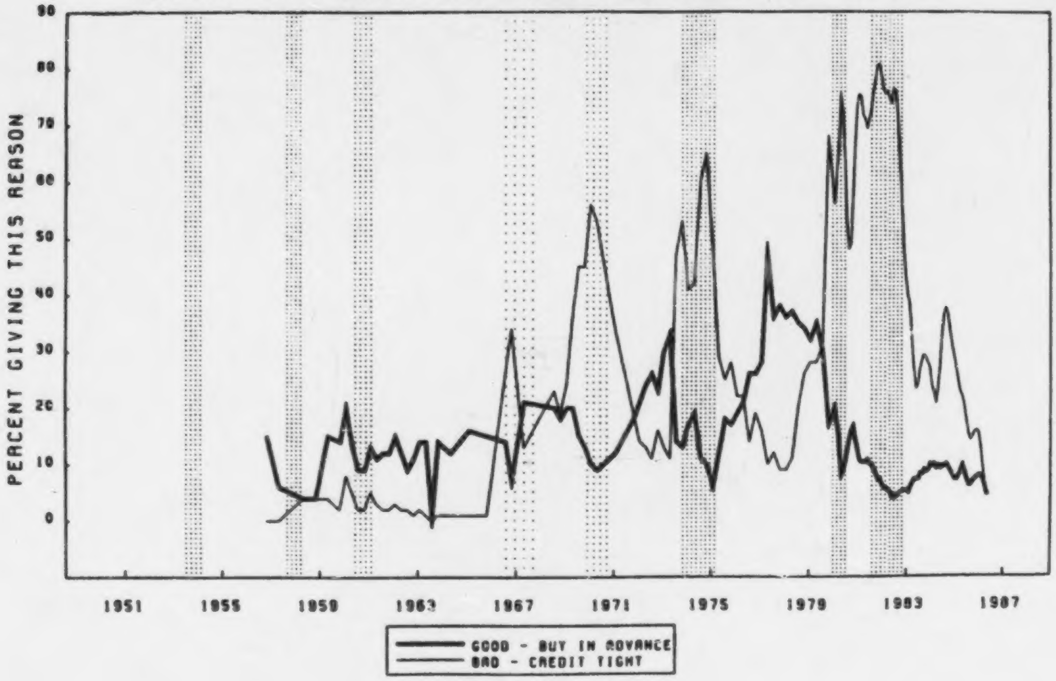


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

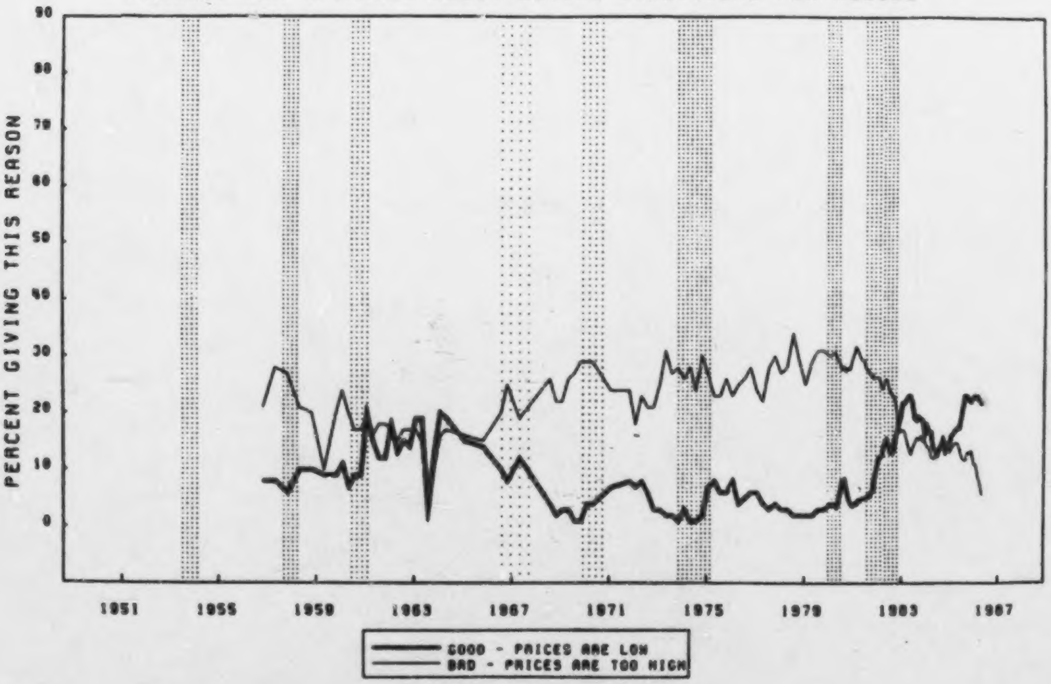


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	17%	18%	22%	23%	24%	22%	21%	23%	24%	22%	23%	22%	20%
Prices won't come down; are going higher	10	7	5	7	7	7	8	8	8	8	6	5	3
Interest rates low; credit is easy	43	56	57	58	56	55	52	53	60	64	76	83	80
Good investment	6	6	5	7	4	6	4	5	6	4	5	3	3
BAD TIME TO BUY:													
Prices are high	14	12	11	12	12	15	12	13	8	12	6	5	6
Interest rates are high; credit is tight	23	17	13	16	14	15	18	15	14	11	5	4	5
Lack of purchasing power	16	9	11	9	9	10	10	6	10	8	8	6	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

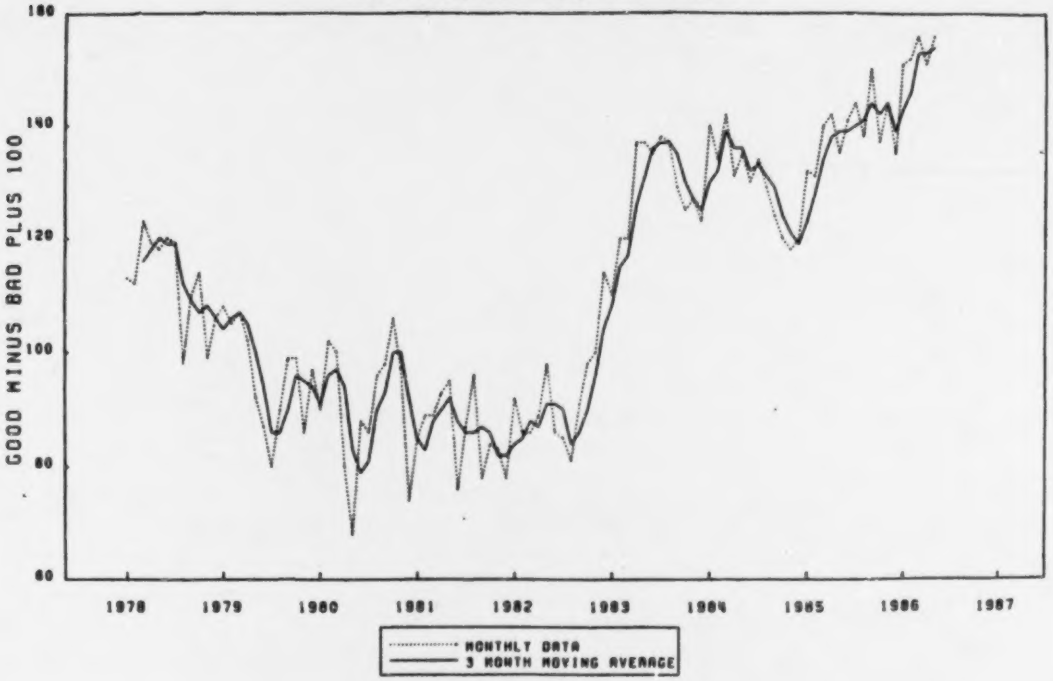


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

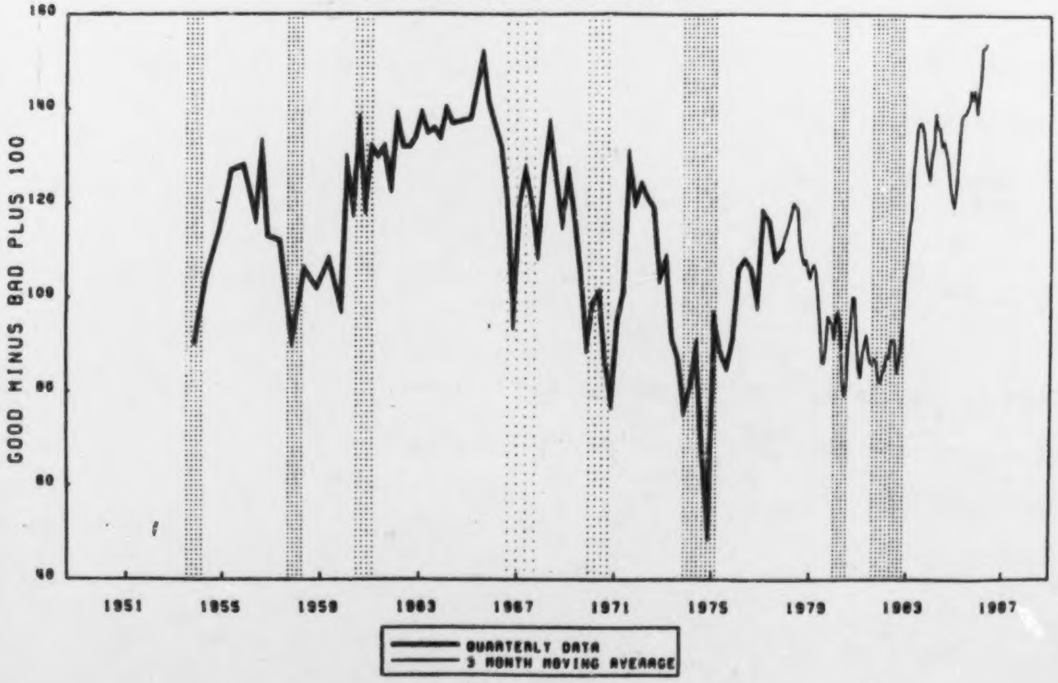


TABLE 25

BUYING CONDITIONS FOR CARS

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY	65%	67%	67%	64%	72%	65%	68%	63%	71%	73%	74%	73%	75%
UNCERTAIN; DEPENDS	5	7	10	10	6	7	8	9	9	6	8	5	6
BAD TIME TO BUY	30	26	23	26	22	28	24	28	20	21	18	22	19
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	661	652	641	650	654	652	651	652	656	656	658	658	655

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

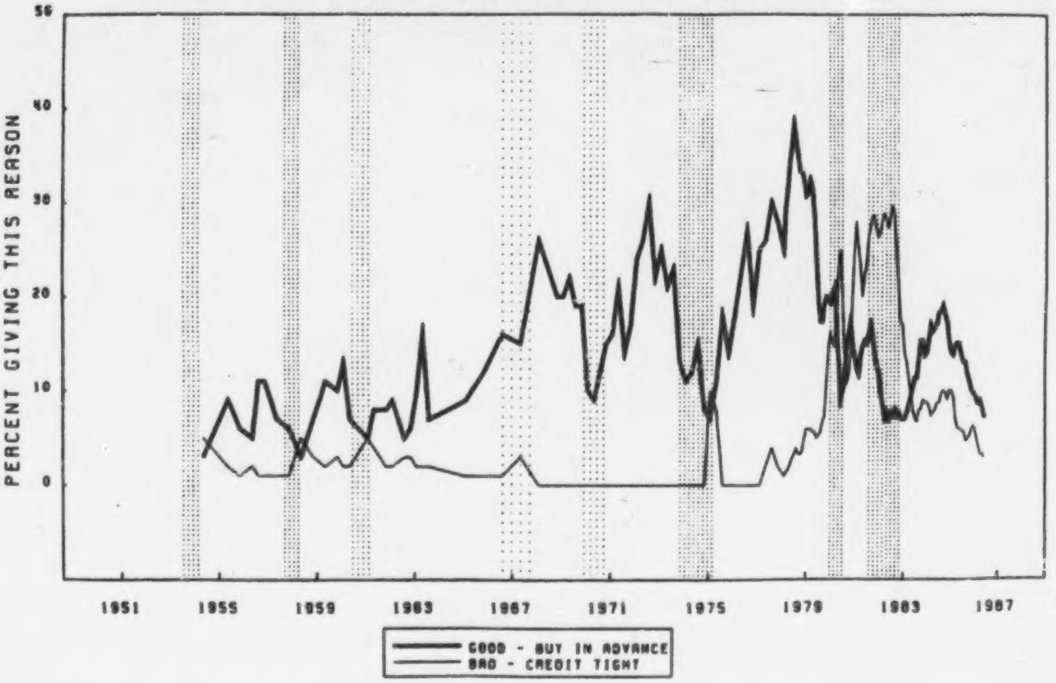


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

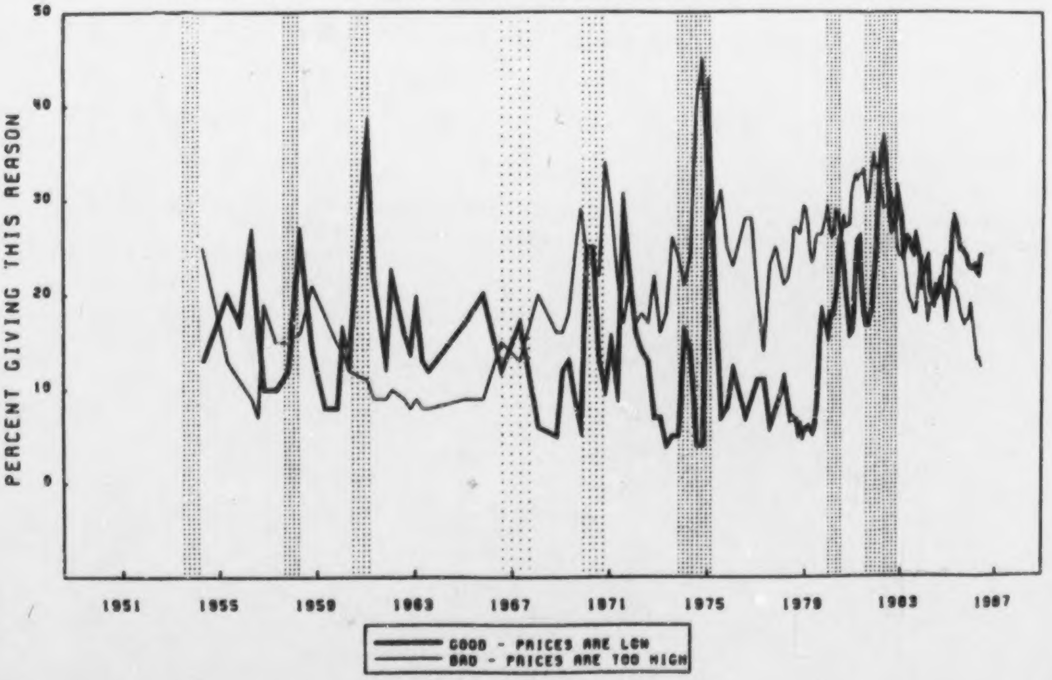


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	May 1985	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	26%	24%	24%	25%	23%	21%	24%	23%	22%	22%	22%	28%
Prices won't come down; are going higher	14	13	12	14	9	10	11	8	9	9	9	7	6
Interest rates low; credit is easy	28	35	35	36	46	41	40	37	51	53	54	54	58
New fuel efficient models	1	1	1	1	1	1	2	1	*	1	*	1	*
BAD TIME TO BUY:													
Prices are high	20	17	17	18	15	19	18	20	13	13	13	14	10
Interest rates are high; credit is tight	8	4	5	5	5	6	7	6	3	4	3	3	3
Lack of purchasing power	6	6	6	4	4	6	4	4	5	5	4	6	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	4	3	4	3	3	1	4	4	2	3	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

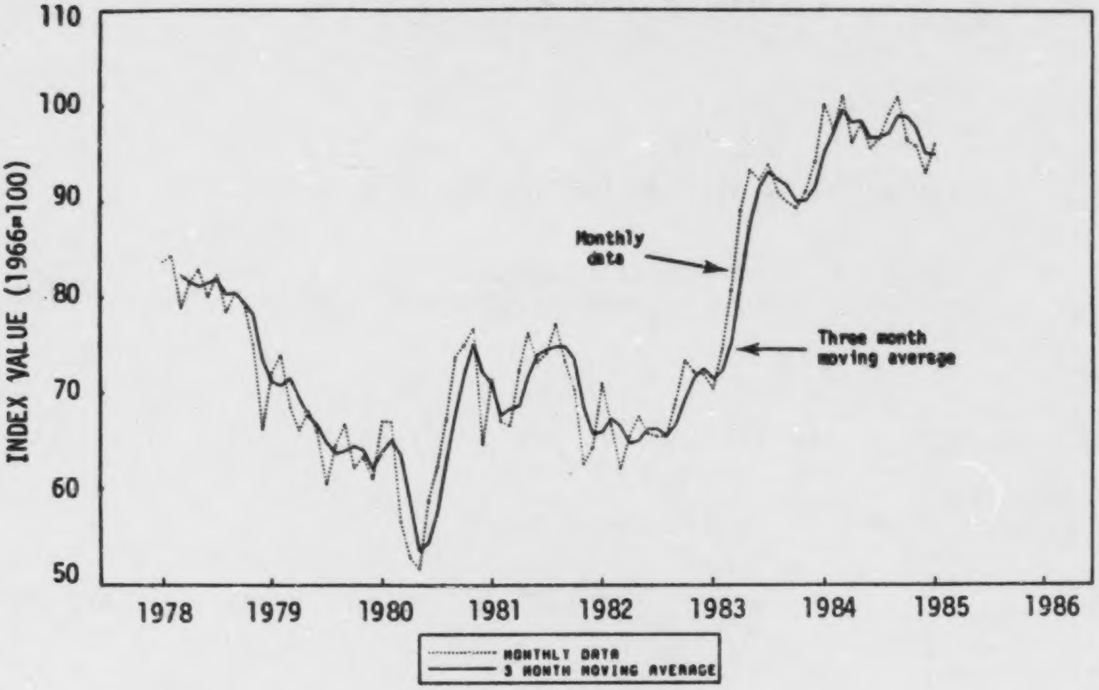
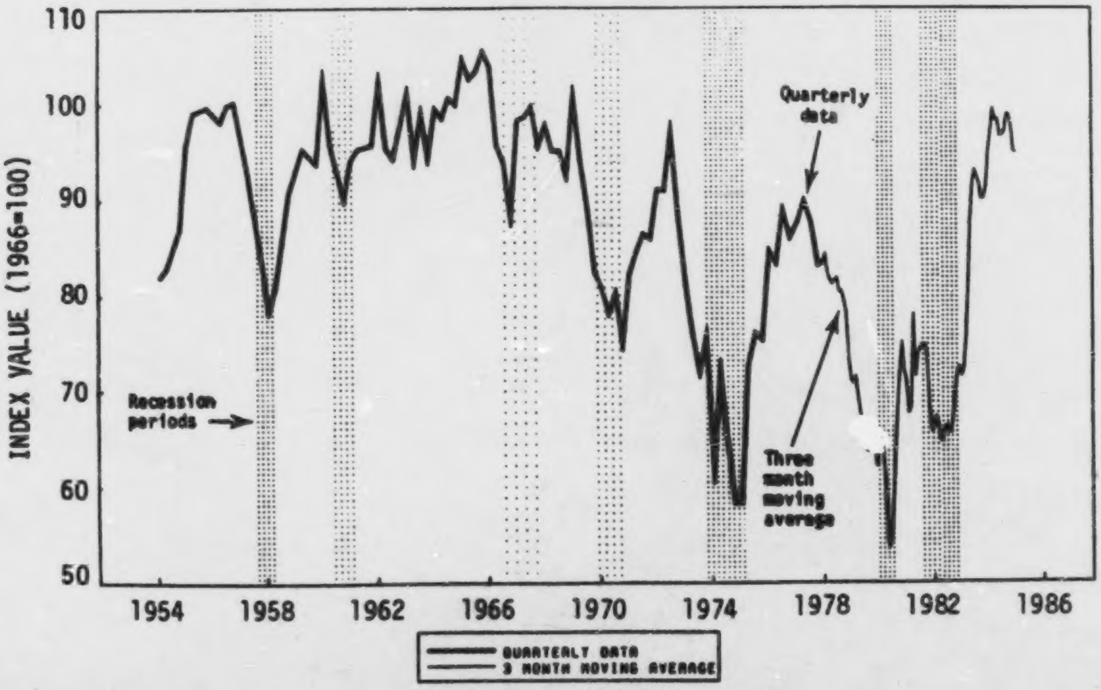


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES: November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMER SENTIMENT REMAINS ON HIGH PLATEAU

- In the May 1986 survey, the Index of Consumer Sentiment was 94.8, between the 96.2 recorded one month earlier and the 91.8 recorded one year earlier. From May 1983 to May 1986, the Index has averaged 94.6, with the current reading nearly equal to that average.

- Among families with incomes of $30,000 or more, the Index stood at 105.5 in May, just below the 106.9 recorded in April, and nearly equal to the 105.3 recorded last May.

- Attitudes toward buying conditions remained near record favorable levels in the most recent survey. Favorable home buying attitudes were held by 83 percent of all families in the May 1986 survey, just below the all-time record of 86 percent recorded in April. The proportion holding favorable vehicle buying attitudes rose to 75 percent in the May 1986 survey, just above the prior all-time record of 74 percent recorded in March 1986. Favorable attitudes toward buying conditions for durables were reported by 75 percent of all families in May 1986 for the third consecutive month, just below the all-time peak of 80 percent recorded in January 1986.

- Reductions in interest rates on consumer loans have been the primary factor behind the resurgence in favorable buying attitudes. Since the start of 1986, more families than ever before have based their favorable evaluations of current buying conditions on interest rate reductions. References to the availability of reduced interest rates were made by 76 percent of all families when asked about buying conditions for homes, by 57 percent when asked about vehicle buying conditions, and by 30 percent when asked to evaluated buying conditions for large household durables.

- Favorable perceptions of prices also continue to support these very favorable buying attitudes. There has been a small increase in the proportion of families that cited the availability of discounted prices during the past year, and a somewhat larger decrease in the number that cited resistance to high prices. Combined, these trends have produced the most favorable assessments of market prices since the mid 1960s. For homes, the proportion that cited reduced prices rose to 20 from 17 percent, while complaints about high home prices fell to 6 from 14 percent. For vehicles, references to discounted prices rose to 28 from 24 percent, while complaints about high prices fell to 10 from 20 percent.

- The financial situation of American families remained strong in the May survey. Among all families, 42 percent reported improved finances compared with a year ago, just above the 40 percent recorded in May 1985. Favorable prospects for the year ahead were reported by 40 percent of all families in May 1986, up from 34 percent one year earlier, and the highest proportion recorded since 1984.

- The majority of families in May 1986 thought that the economy had improved during the past year (54 percent), the majority expected the performance of the economy to remain unchanged during the year ahead (57 percent), and the majority expected the unemployment rate to remain at its current level (54 percent). Each of these figures were within 3 percentage points of the year earlier reading.

• • •

Real personal disposable income grew by only 1.6% in 1985 over year-earlier levels, substantially below the 5.7% growth recorded during 1984. Total real consumption expenditures, however, rose twice as fast as real personal disposable income—3.3% versus 1.6%. Due to the increased use of debt to finance this spending increase, the personal savings rate fell by nearly 2 percentage points—from 6.5% in 1984 to 4.6% in 1985. This was the lowest annual rate of savings recorded in more than thirty years. Rather than consumer willingness to spend, the constraint lies in the diminished ability of consumers to sustain spending increases above the growth rate in their personal income during the year ahead. Overall, these results point toward diminished growth but still favorable levels of consumer sales through 1986.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

U7475- 2A

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

JUNE 1986

The June 1986 survey is the 213th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

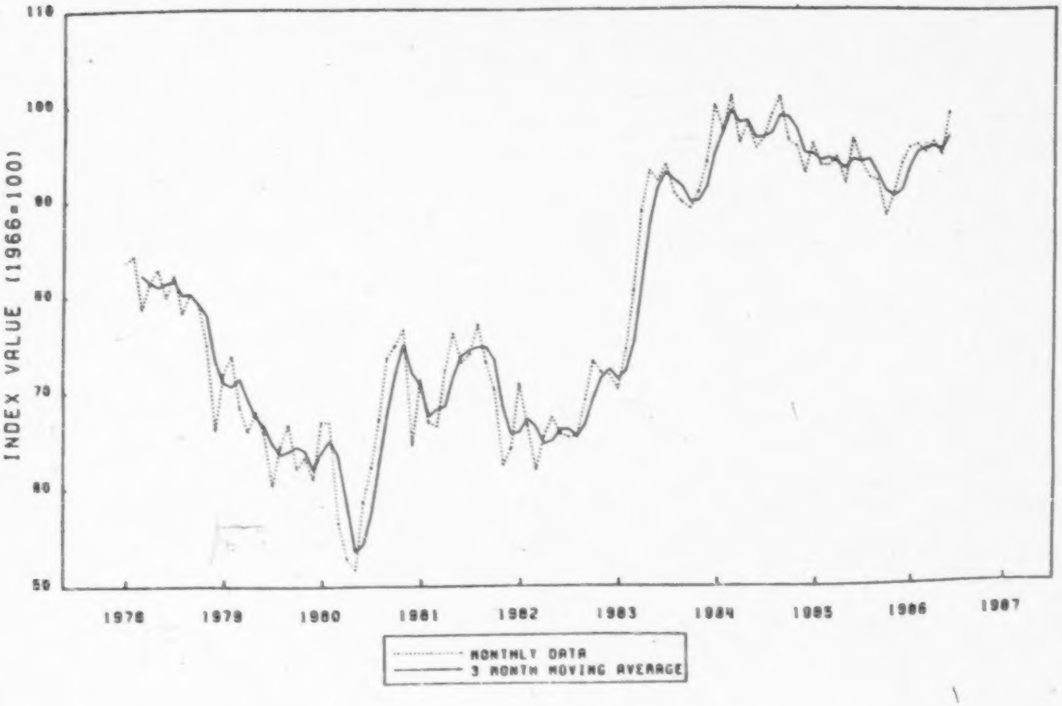


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

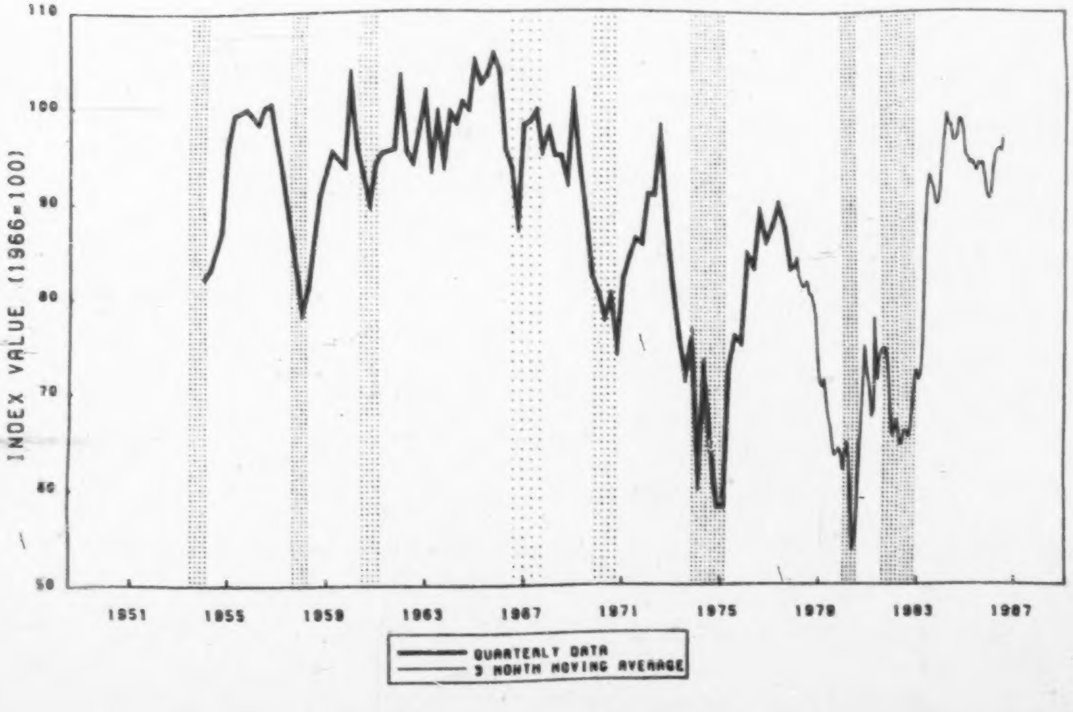


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
June 1983	92.2	104.1	
July 1983	93.9	108.9	
August 1983	90.9	109.5	
September 1983	89.9	103.7	
October 1983	89.3	103.6	
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

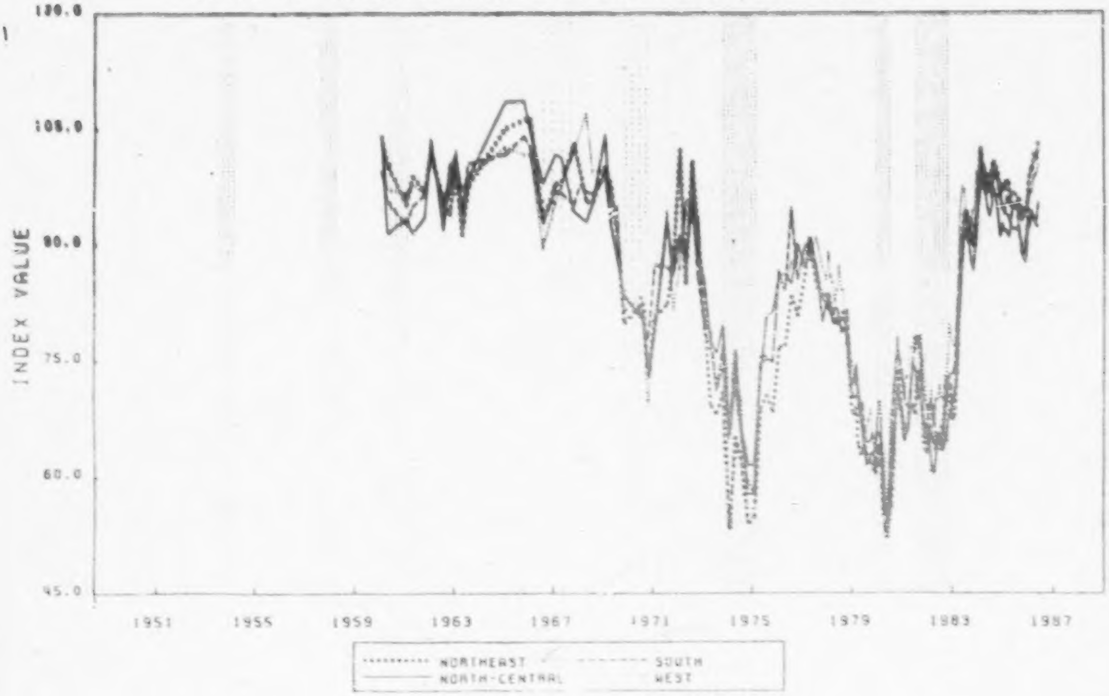


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

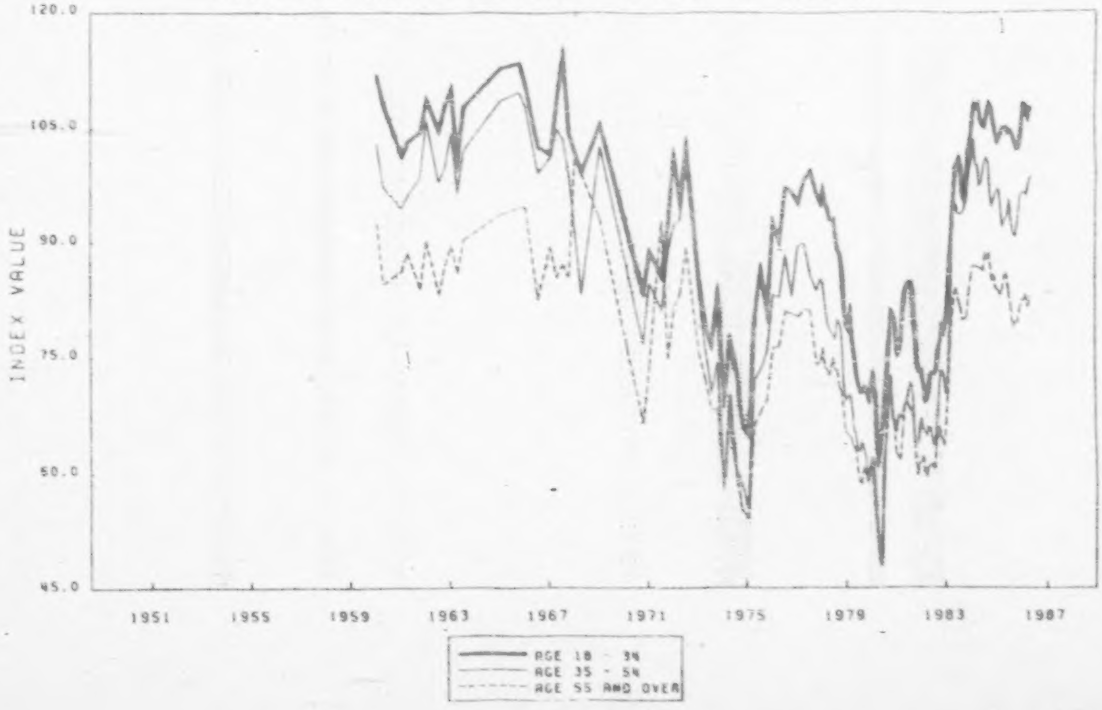


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
June	1983	95.1	88.7	92.5	94.1	97.8	94.4	83.9
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

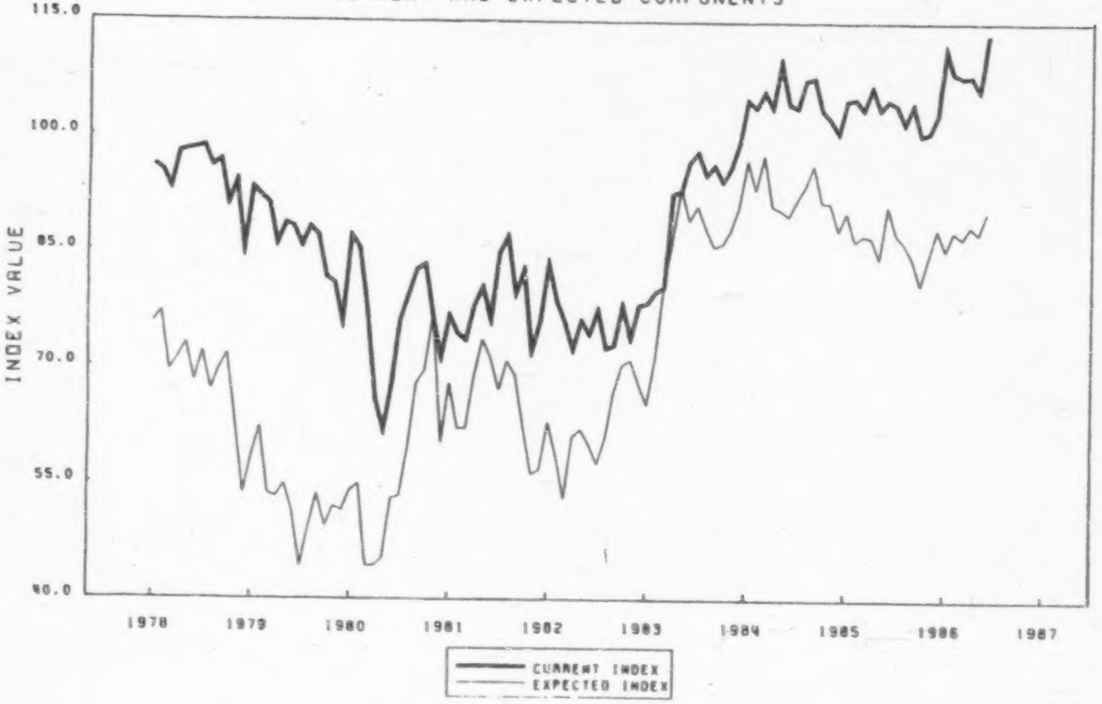


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

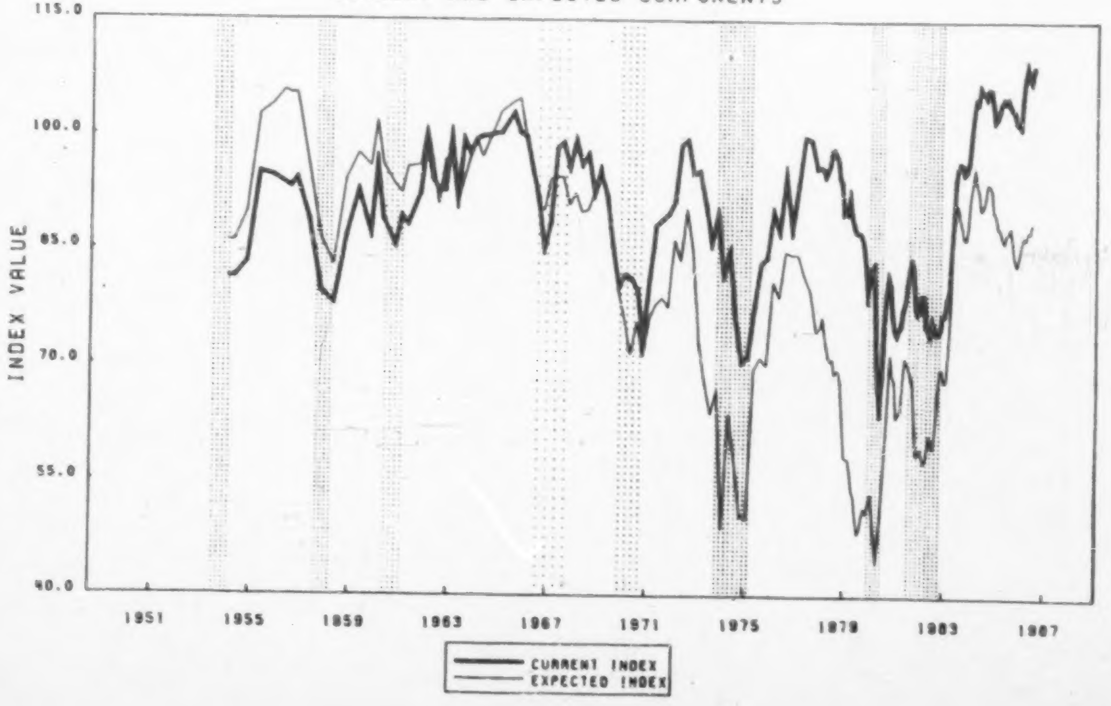


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
June 1983	110	128	134	97	141	96.9	89.2
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

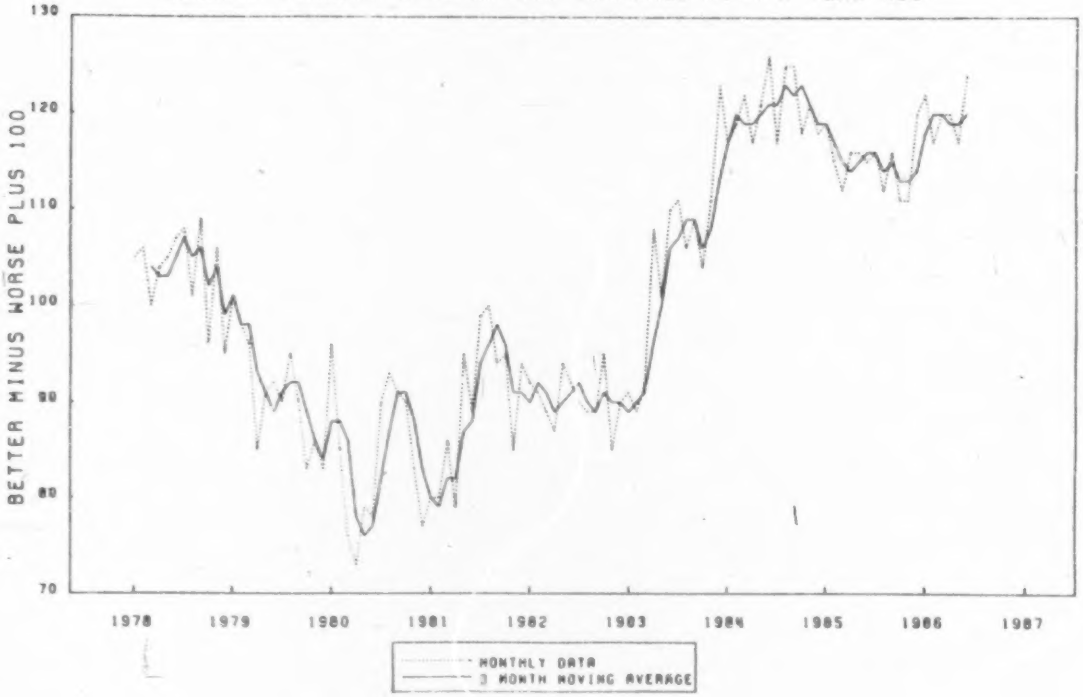


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

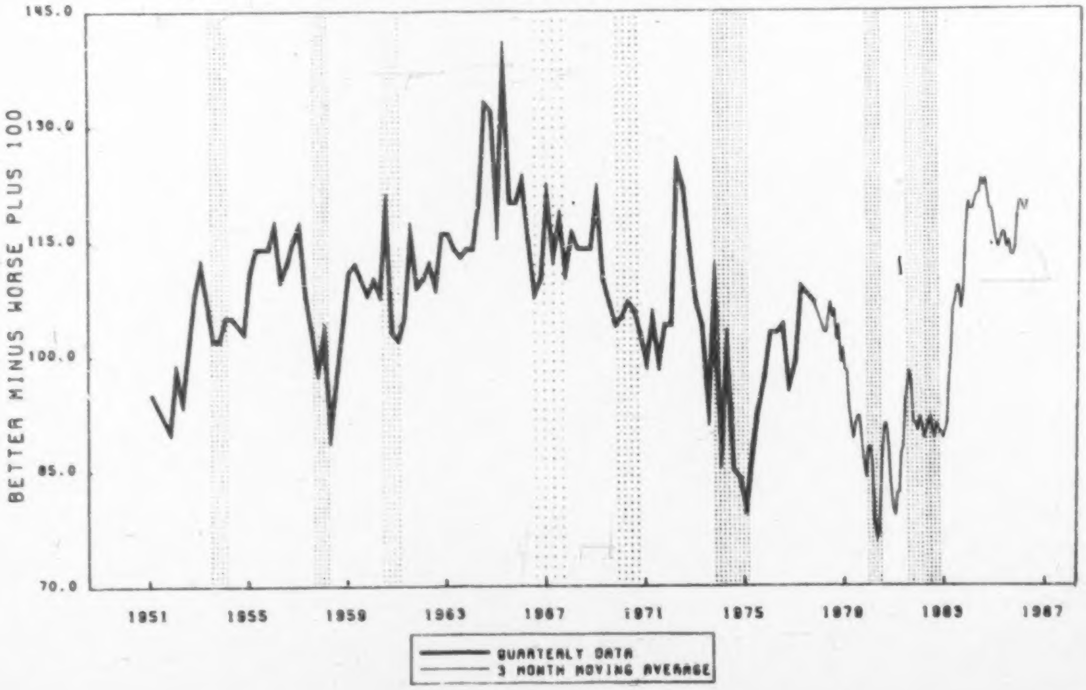


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
BETTER OFF	43%	42%	41%	43%	39%	38%	46%	45%	44%	44%	45%	42%	47%
SAME	29	32	29	28	33	34	28	32	29	32	30	33	29
WORSE OFF	28	26	29	27	28	27	26	23	27	24	25	25	23
DK,NA	*	*	1	2	*	1	*	*	*	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

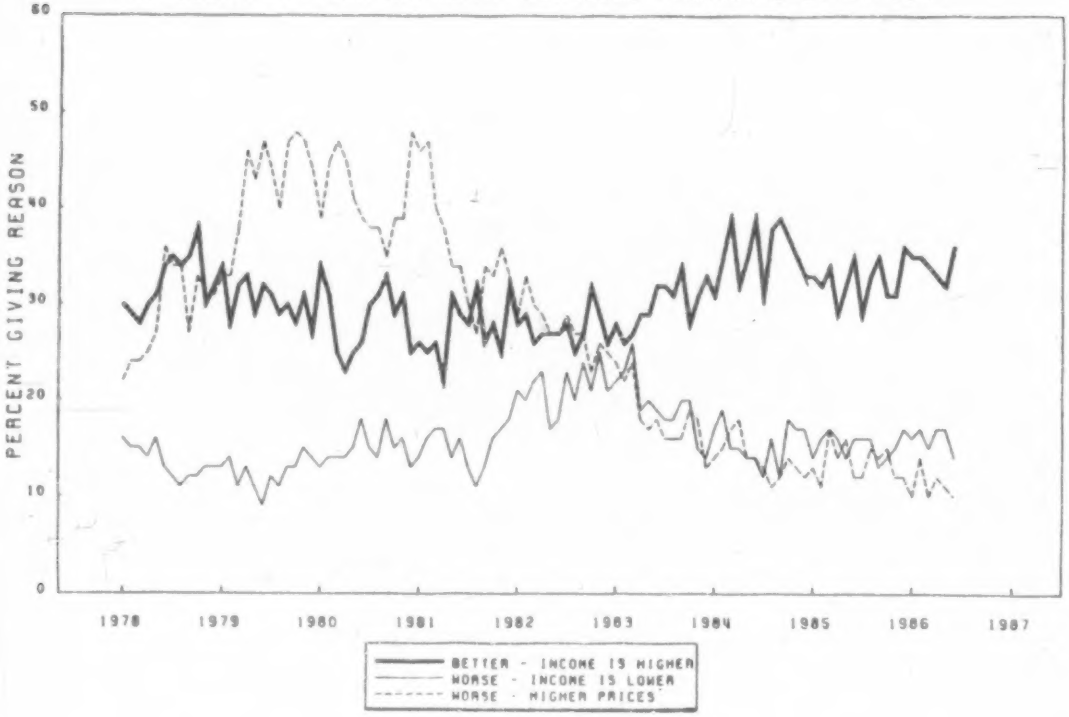


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

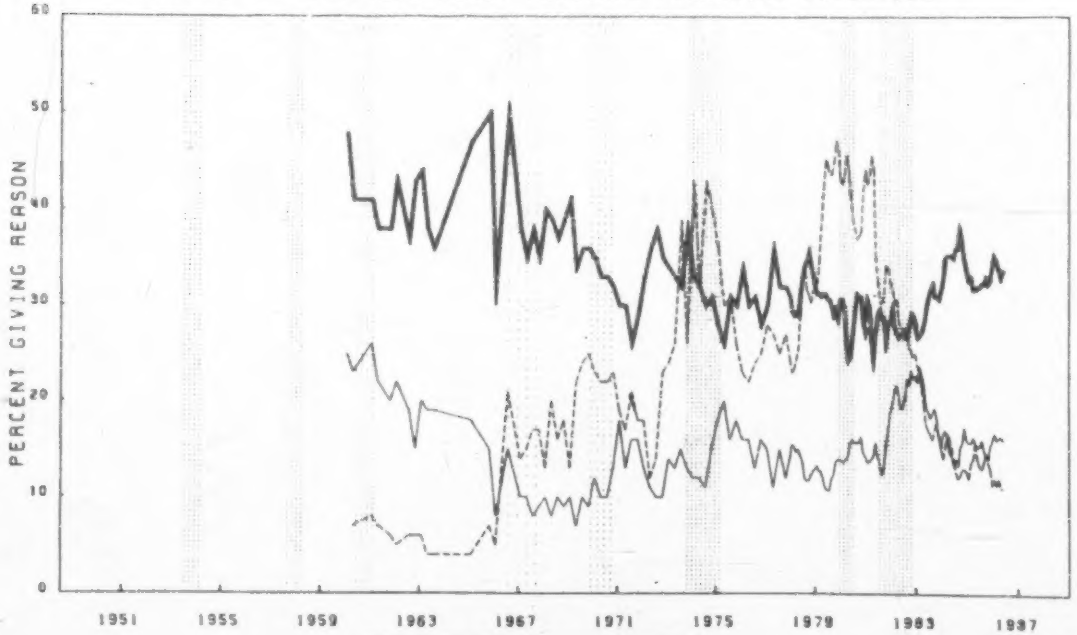


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	29%	33%	35%	31%	31%	36%	35%	35%	34%	33%	32%	36%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	16	16	13	14	15	17	16	17	15	17	17	14
Higher prices	12	12	15	14	15	12	12	10	14	10	12	11	10

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

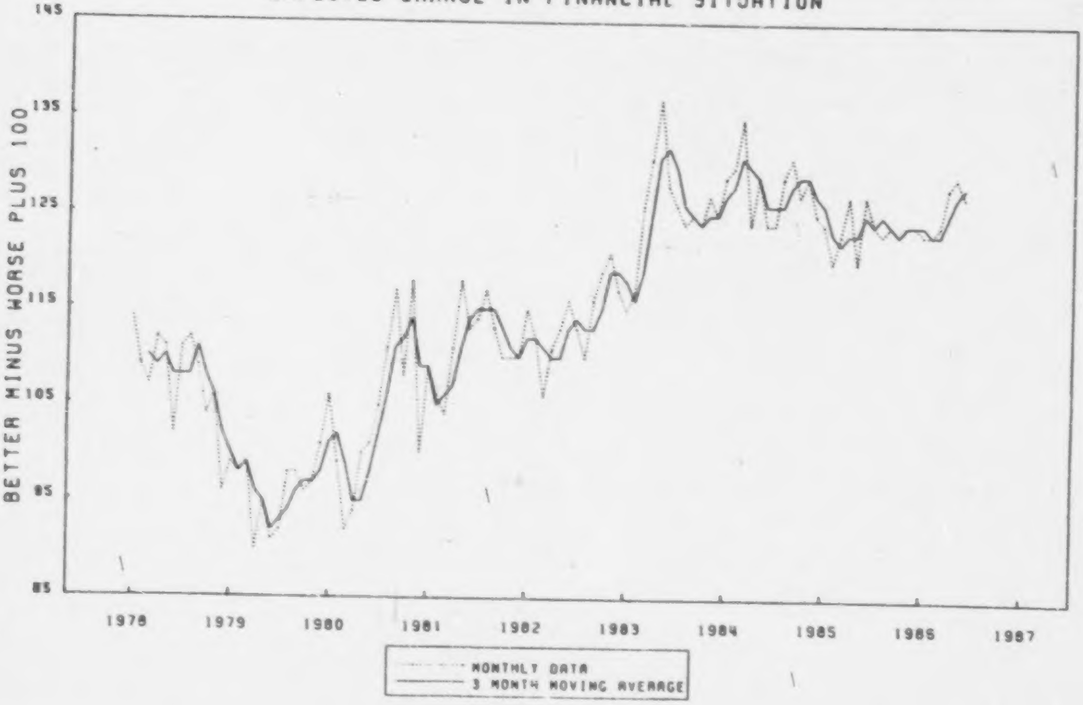


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

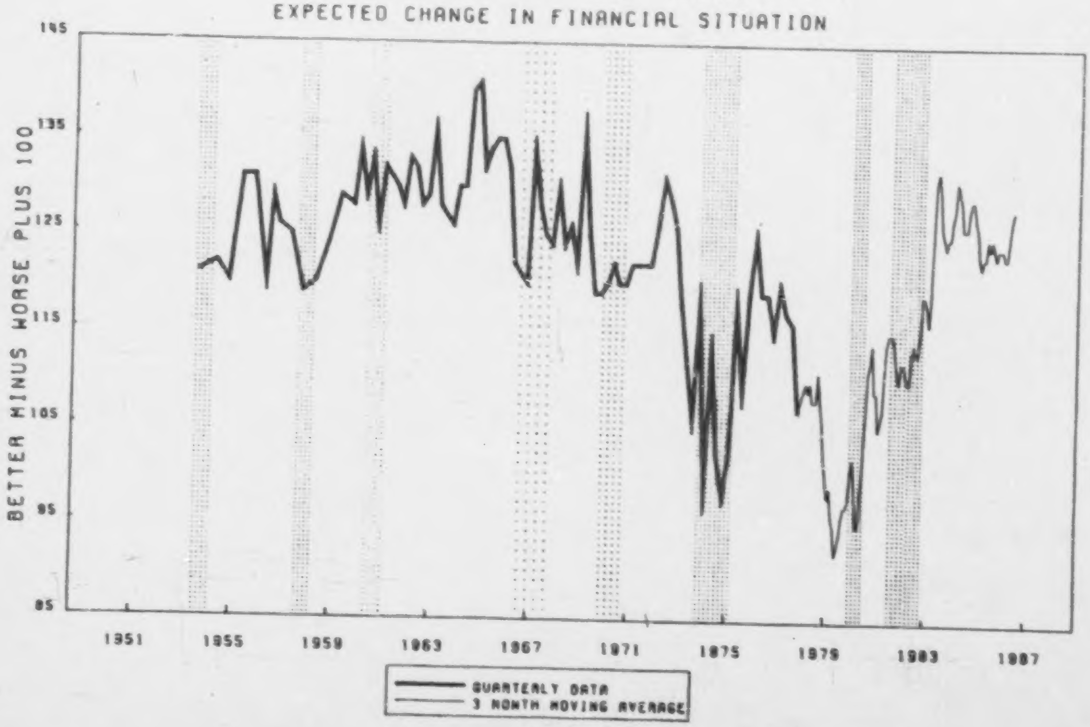


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
BETTER OFF	36%	35%	36%	35%	33%	36%	33%	35%	35%	37%	38%	40%	38%
SAME	52	51	48	50	54	48	55	50	50	47	49	47	49
WORSE OFF	9	11	13	11	10	12	9	12	12	13	10	11	11
DK,NA	3	3	3	4	3	4	3	3	3	3	3	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

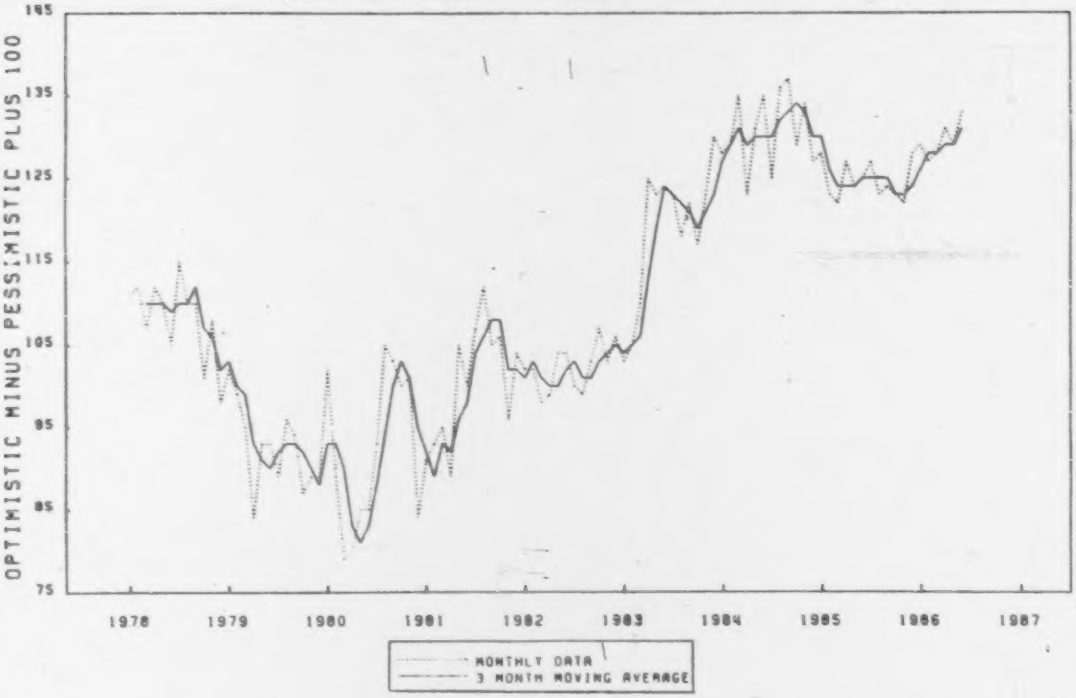


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

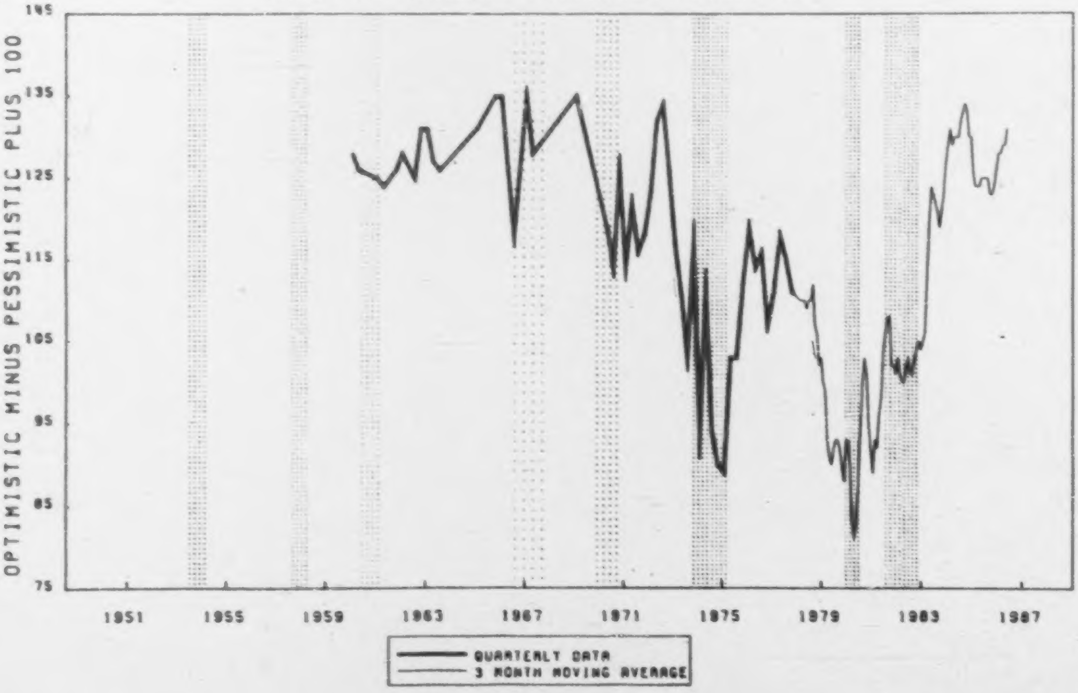


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	20%	19%	22%	18%	19%	20%	21%	20%	22%	23%	22%	22%
Intermittant increase (b)	25	26	25	24	26	25	29	29	29	27	28	26	29
Remain unchanged (c)	19	21	19	18	23	20	18	18	16	18	16	19	18
Intermittant decline (d)	17	13	14	15	15	17	17	16	16	14	16	15	14
Continuous decline (e)	5	6	7	7	6	5	4	5	6	7	4	4	4
Mixed change (f)	9	10	12	9	9	10	10	9	11	9	10	11	11
DK,NA	3	4	4	5	3	4	2	2	2	3	3	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

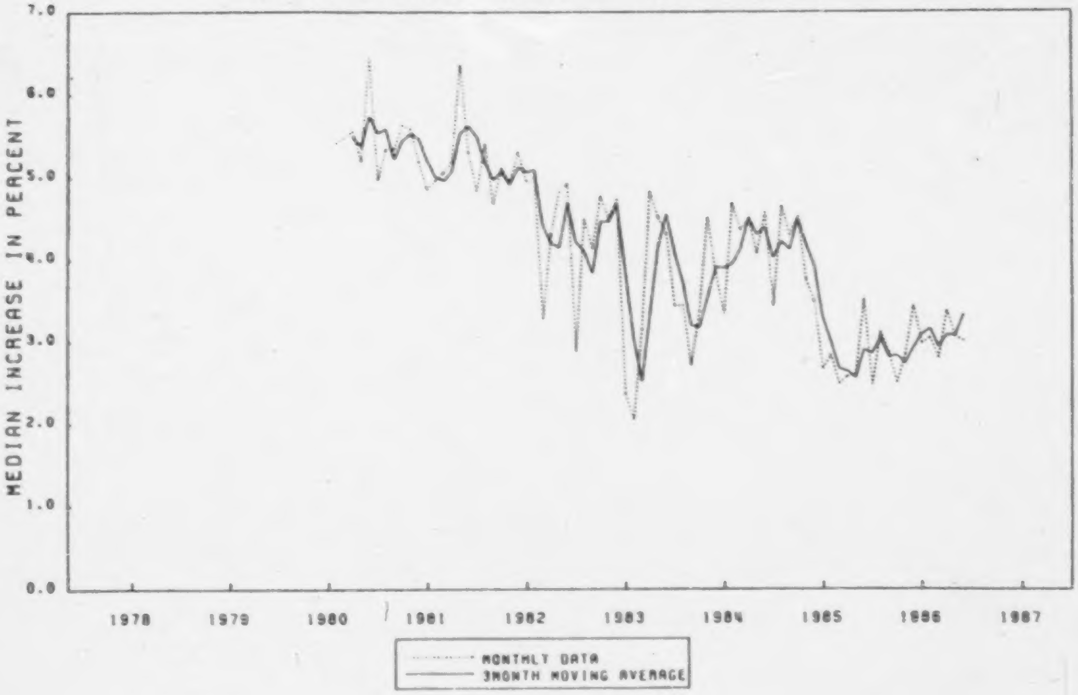


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

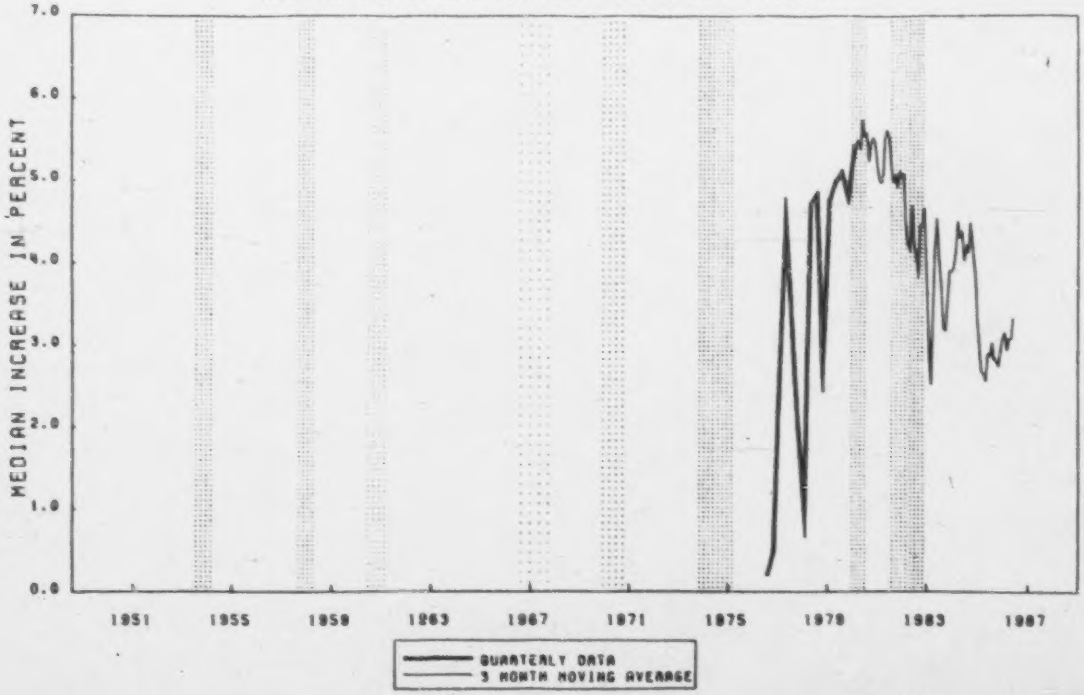


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
EXPECT INCREASE:													
1-4%	11%	13%	13%	13%	13%	17%	14%	11%	17%	16%	13%	16%	15%
5%	11	11	10	9	7	9	11	12	10	10	9	9	11
6-9%	7	7	8	8	8	8	8	7	8	6	8	10	8
10-24%	16	14	18	14	17	14	17	16	16	14	19	15	15
25% or more	10	6	5	8	6	6	6	7	6	7	7	6	7
DK how much up	4	3	3	4	5	4	5	4	3	4	3	3	3
EXPECT SAME	26	28	29	28	29	26	25	28	27	27	25	25	25
EXPECT DOWN	14	16	12	13	14	14	12	14	12	15	15	14	14
DK,NA	1	2	2	3	1	2	2	1	1	1	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

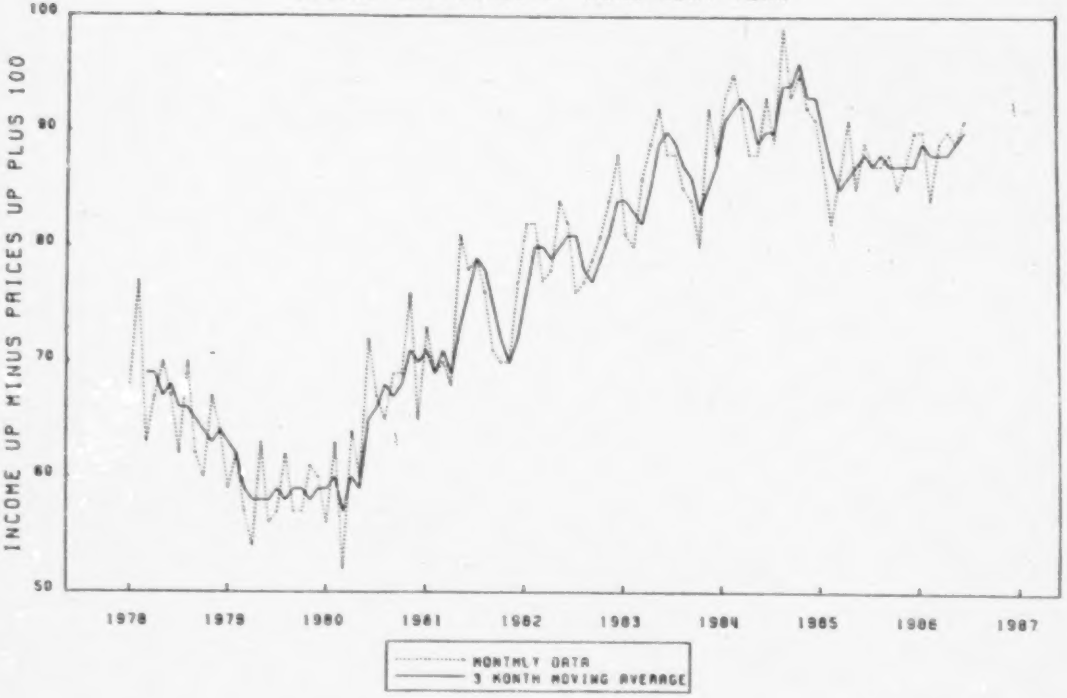


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

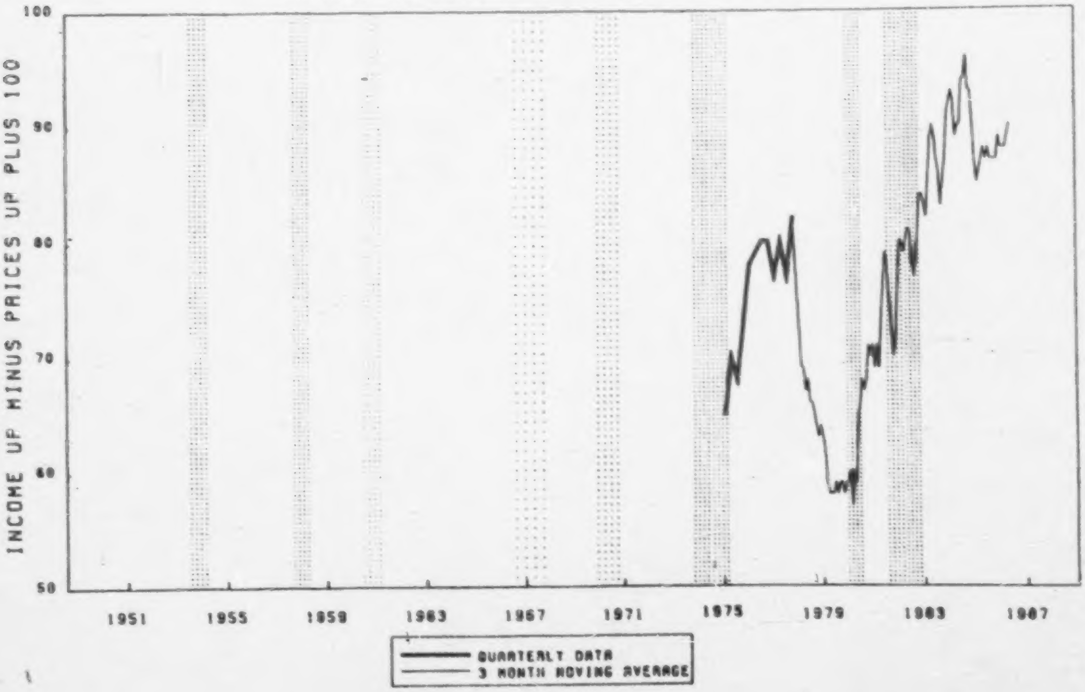


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
INCOME UP MORE	19%	19%	22%	22%	20%	20%	23%	21%	19%	21%	21%	21%	23%
INCOME UP SAME	48	47	40	42	43	43	42	47	43	44	45	44	43
PRICES UP MORE	30	32	35	34	35	33	33	31	35	32	31	32	32
DK,NA	3	2	3	2	2	4	2	1	3	3	3	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

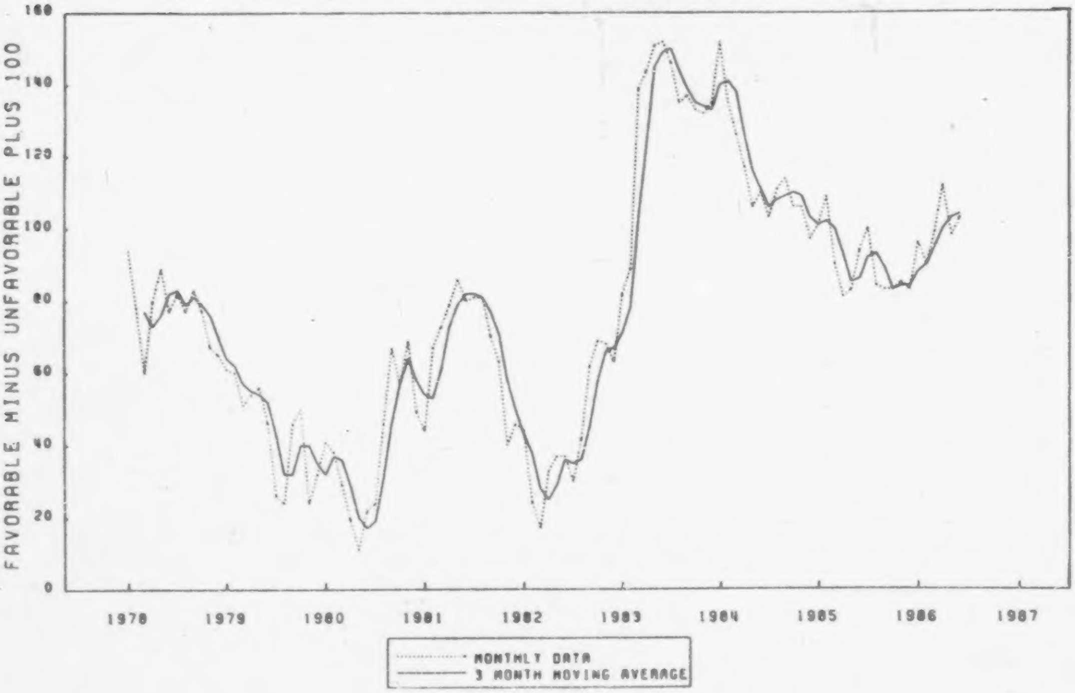


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

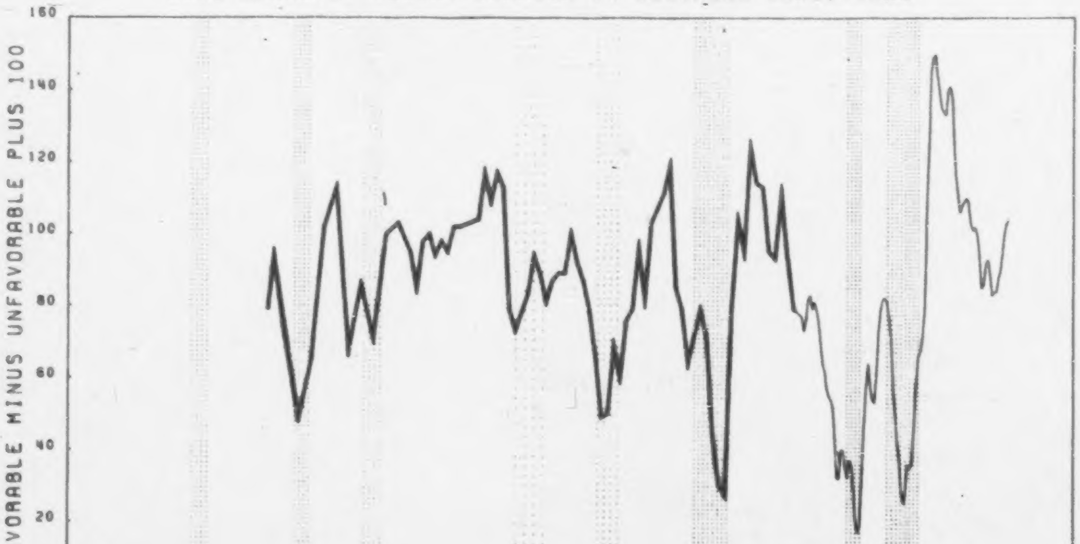


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
FAVORABLE NEWS	37%	40%	30%	31%	28%	32%	33%	37%	34%	46%	55%	42%	42%
UNFAVORABLE NEWS	43	40	46	48	45	47	50	41	44	47	43	44	39
NO MENTIONS	50	46	49	47	52	47	47	47	46	43	38	44	46

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

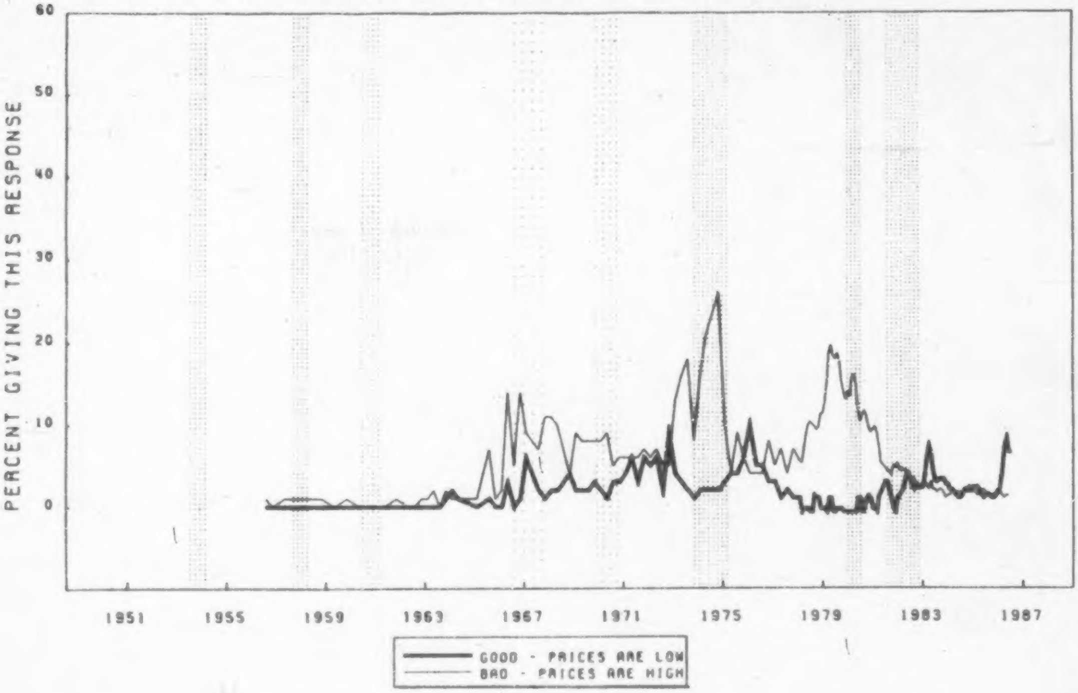


CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

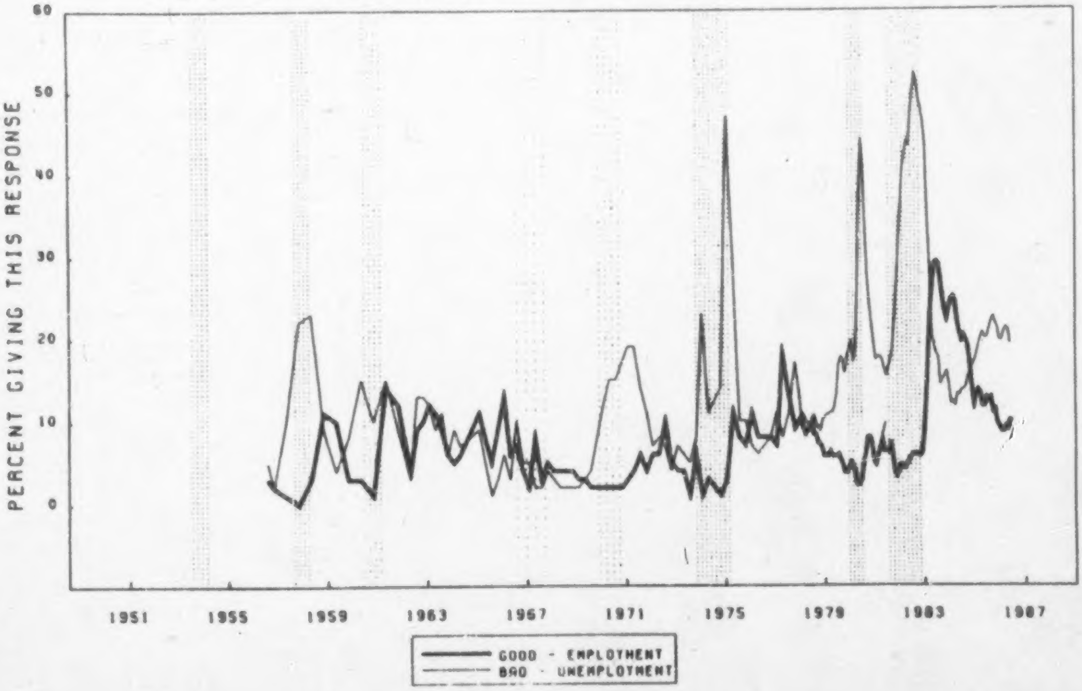


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
FAVORABLE NEWS:													
Government; elections	5%	2%	1%	1%	1%	3%	2%	2%	2%	*	1%	2%	3%
Employment	12	14	11	13	9	12	8	8	10	8	10	9	11
Higher consumer demand	4	3	2	4	3	3	3	3	1	3	3	2	2
Lower prices	1	2	1	1	1	1	2	2	3	8	11	6	3
Easier credit	7	10	8	6	4	6	7	9	8	15	17	11	9
UNFAVORABLE NEWS:													
Government; elections	6	4	4	5	5	4	5	5	3	3	3	3	4
Unemployment	18	21	24	21	23	21	20	18	21	23	20	20	18
Lower consumer demand	3	2	3	2	1	2	5	3	1	2	2	3	2
Higher prices	2	1	2	1	1	2	2	2	1	1	1	2	1
Tighter credit	1	1	1	1	1	2	2	1	*	*	1	1	2
Energy crisis	*	*	*	*	*	*	*	*	*	*	*	1	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

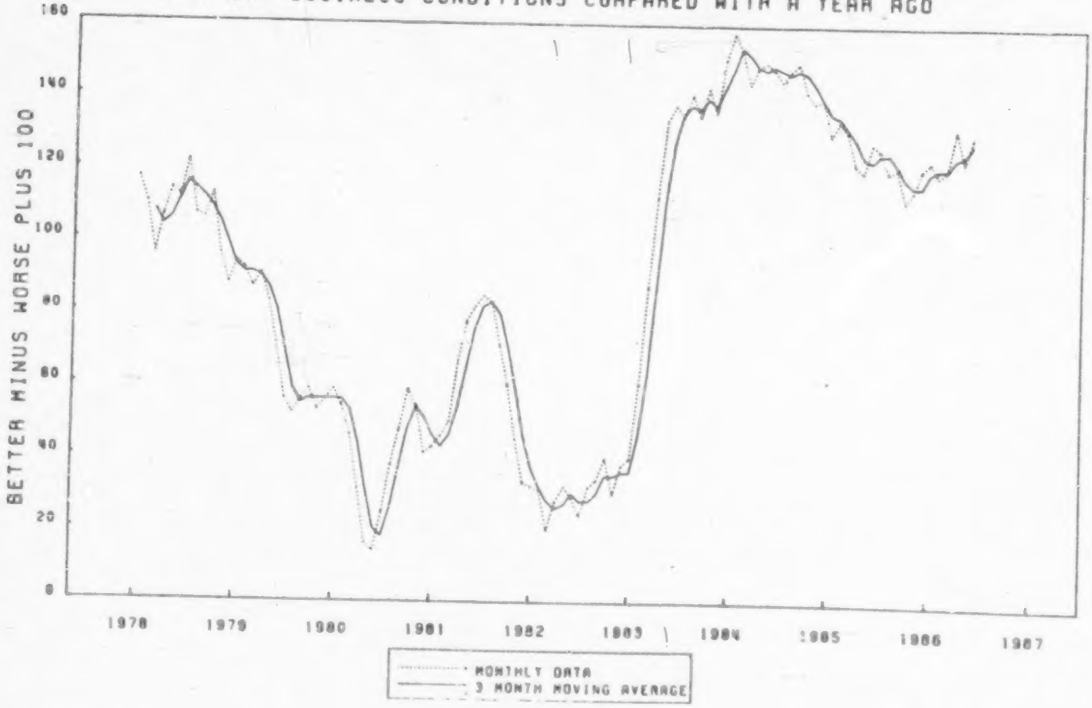


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

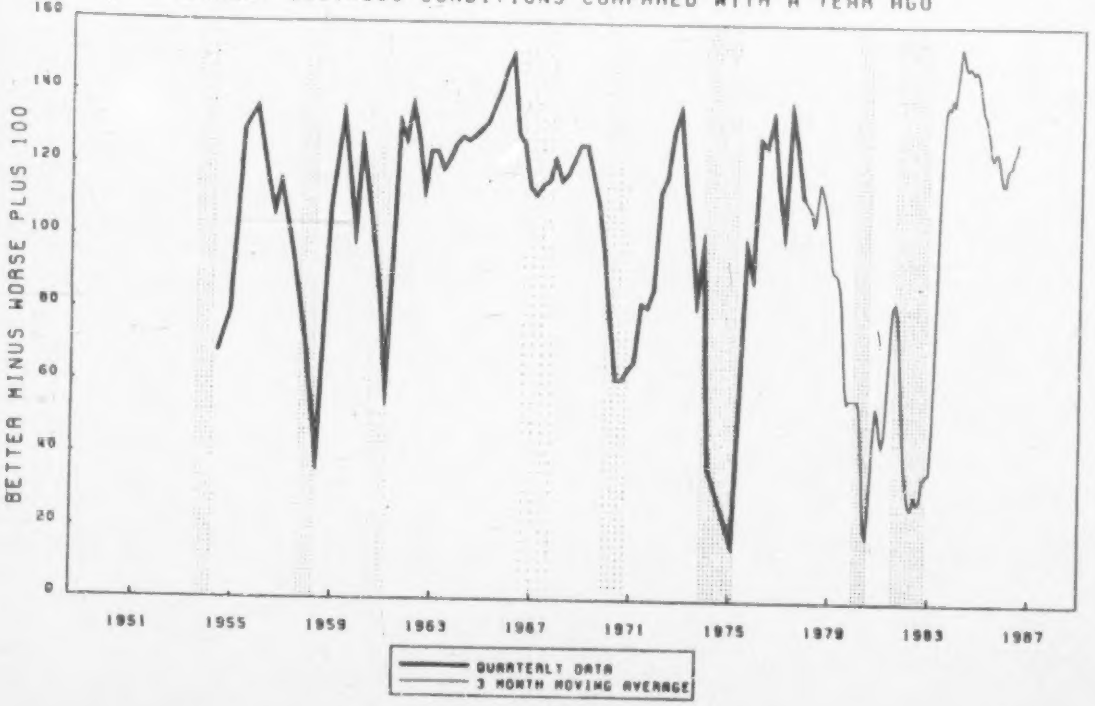


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
BETTER NOW	56%	56%	51%	52%	47%	50%	52%	52%	51%	53%	61%	54%	60%
SAME	14	13	16	14	16	12	16	17	15	13	9	13	8
WORSE NOW	28	30	31	31	35	35	31	29	32	32	29	31	30
DK,NA	2	1	2	3	2	3	1	2	2	2	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

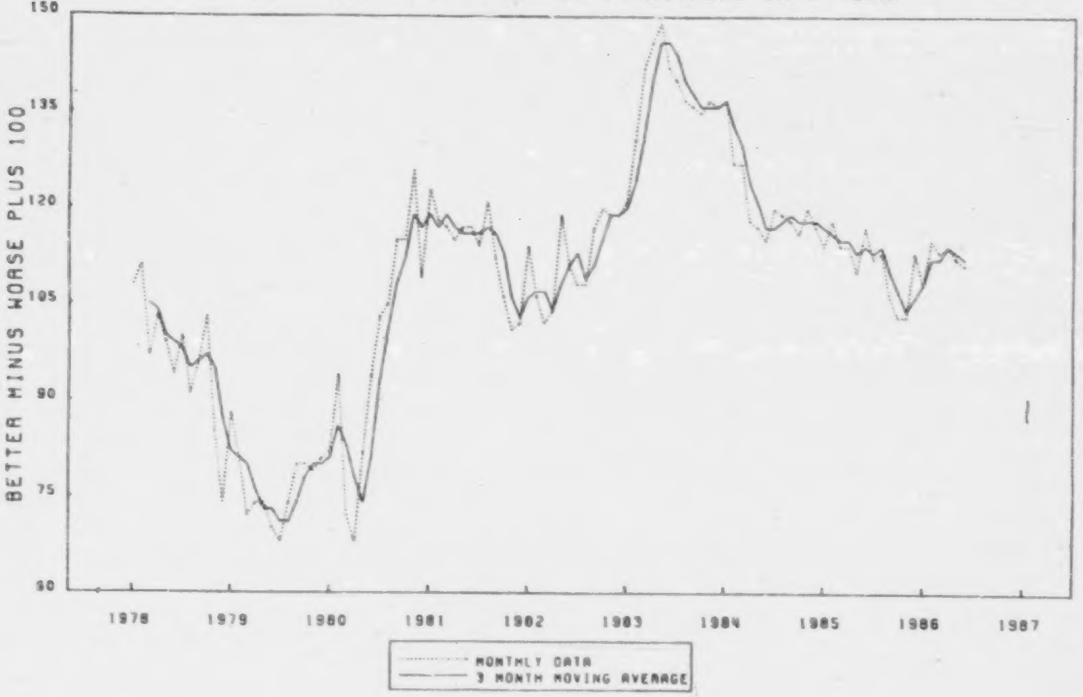


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

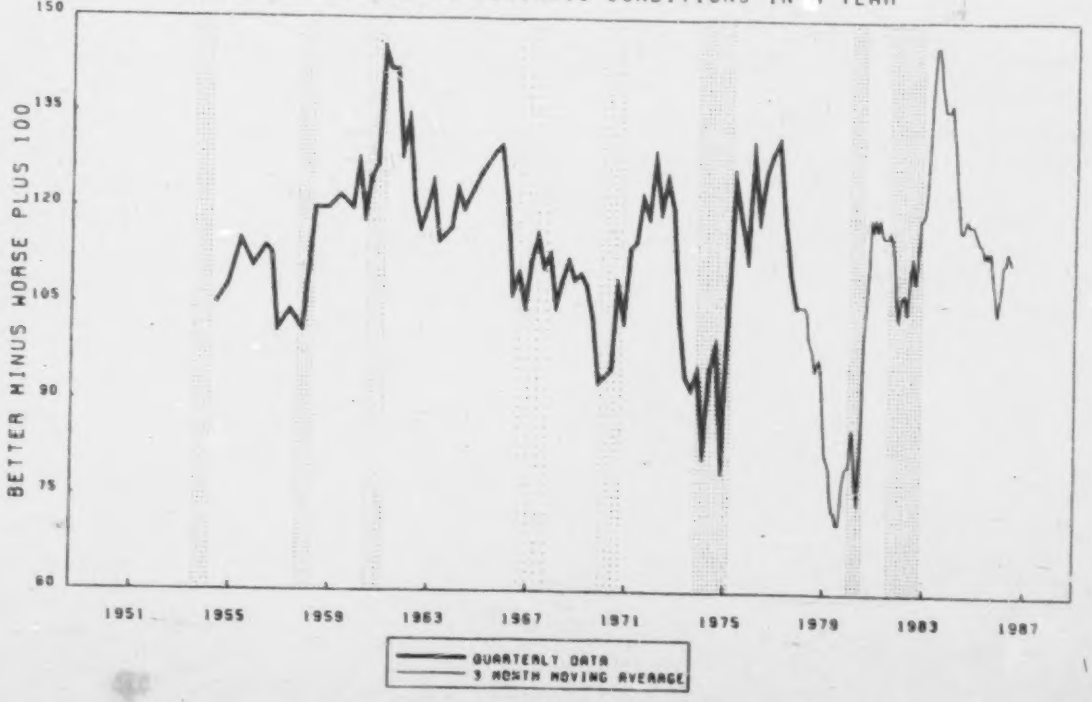


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
BETTER	29%	26%	27%	23%	23%	21%	27%	24%	27%	29%	29%	26%	25%
SAME	57	57	57	58	54	59	58	58	59	53	55	57	60
WORSE	12	14	14	17	20	18	14	16	12	16	15	14	14
DK,NA	2	3	2	2	3	2	1	2	2	2	1	3	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

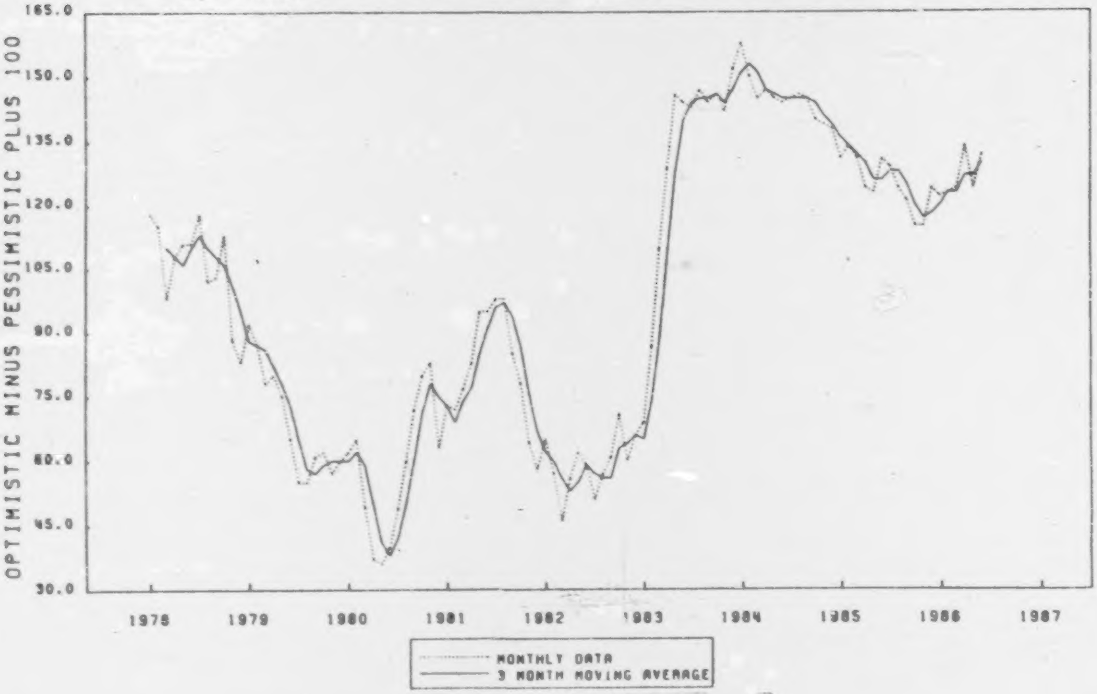


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

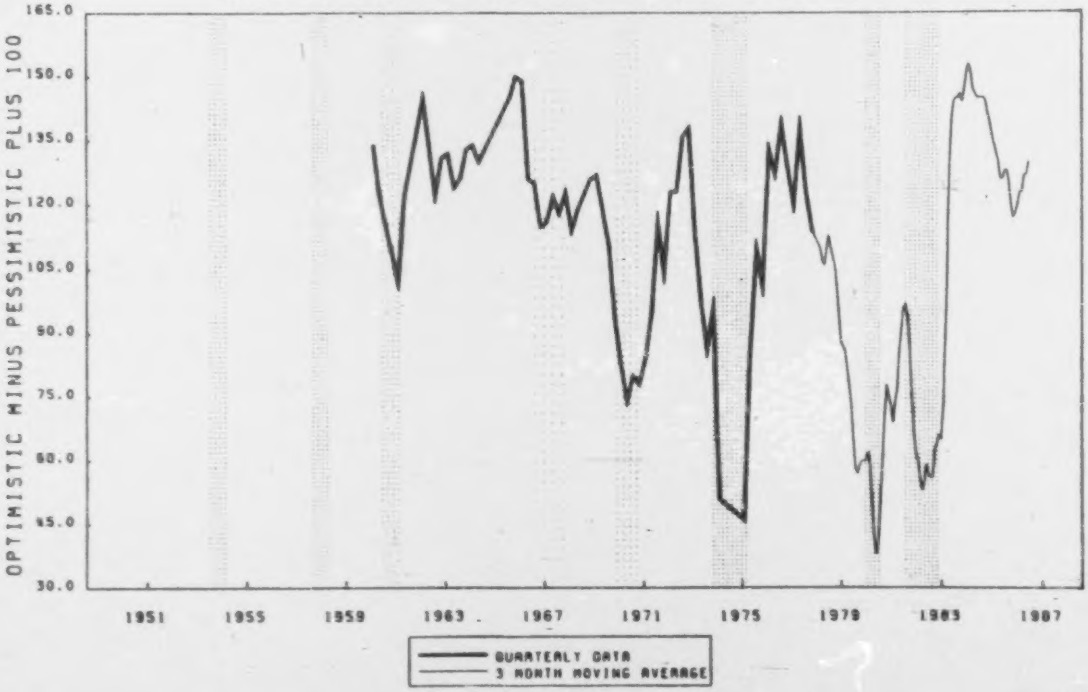


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
TREND:													
Continuous increase (a)	22%	19%	19%	16%	16%	14%	19%	16%	19%	20%	23%	19%	18%
Intermittant increase (b)	34	36	33	34	31	34	33	33	33	32	35	33	41
Remain unchanged (c)	9	9	10	9	10	8	10	11	10	7	7	8	5
Intermittant decline (d)	17	16	18	19	18	21	19	19	20	18	14	20	17
Continuous decline (e)	8	10	10	10	14	12	9	8	9	10	10	8	10
Mixed change (f)	6	6	7	8	7	7	7	10	6	10	8	9	7
DK,NA	4	4	3	4	4	4	3	3	3	3	3	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

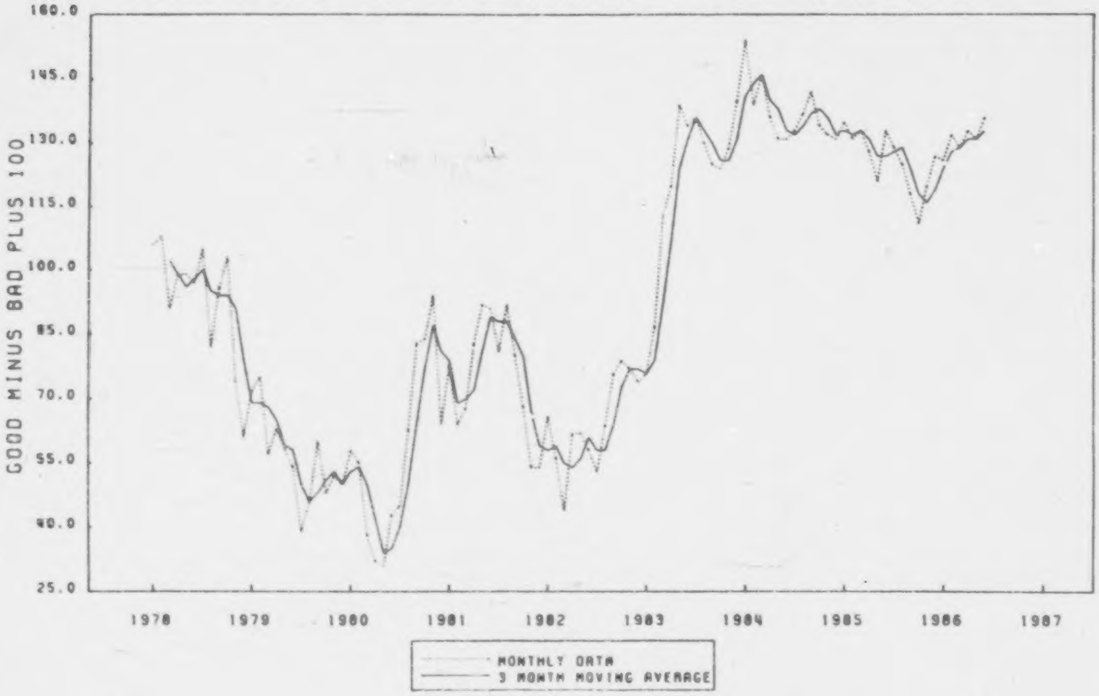


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

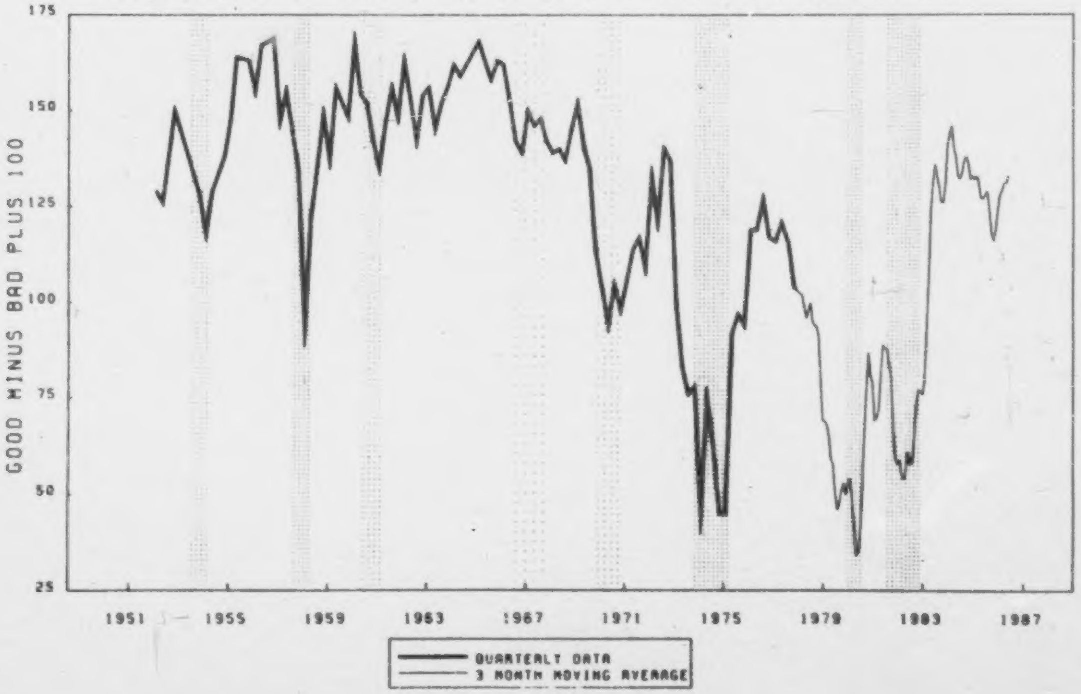


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIMES	59%	58%	57%	52%	49%	53%	57%	58%	61%	58%	61%	60%	62%
UNCERTAIN; GOOD & BAD	3	3	4	4	3	4	4	3	2	3	2	2	2
BAD TIMES	26	29	32	34	38	33	30	32	29	29	28	29	26
DON'T KNOW	5	7	4	8	5	6	7	5	4	7	6	5	6
NOT ASCERTAINED	7	3	3	2	5	4	2	2	4	3	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

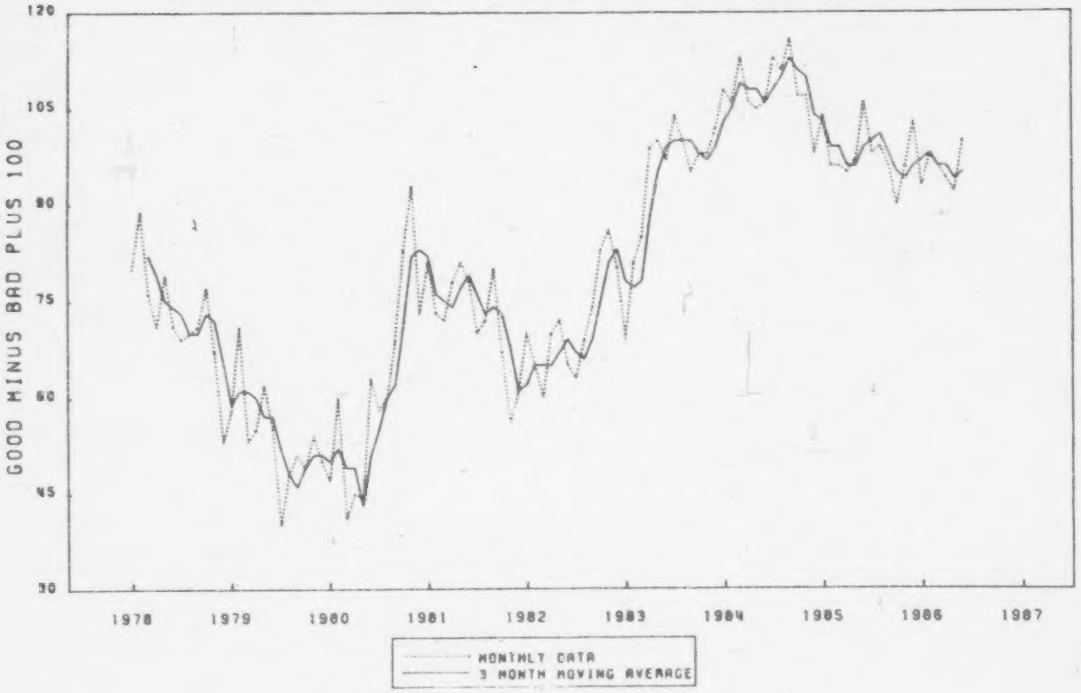


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

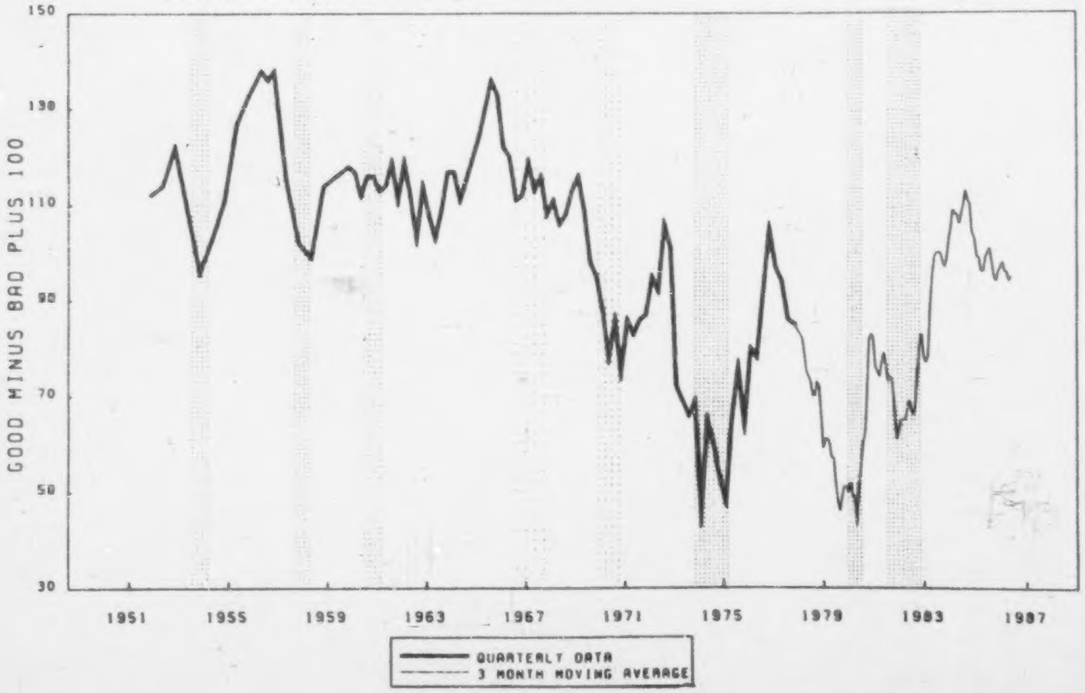


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIMES	43%	41%	41%	38%	35%	38%	40%	39%	42%	39%	36%	37%	40%
UNCERTAIN; GOOD & BAD	17	13	14	16	15	14	17	12	11	13	18	14	14
BAD TIMES	37	43	42	42	45	42	37	46	44	43	42	45	40
NOT ASCERTAINED	3	3	3	4	5	6	6	3	3	5	4	4	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

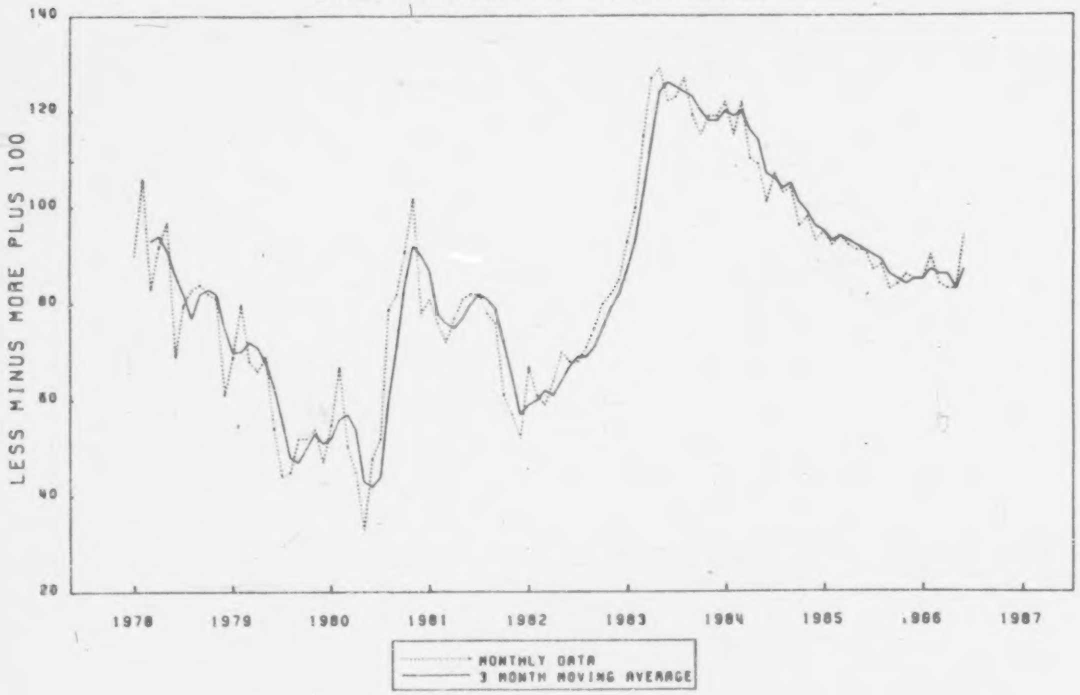


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

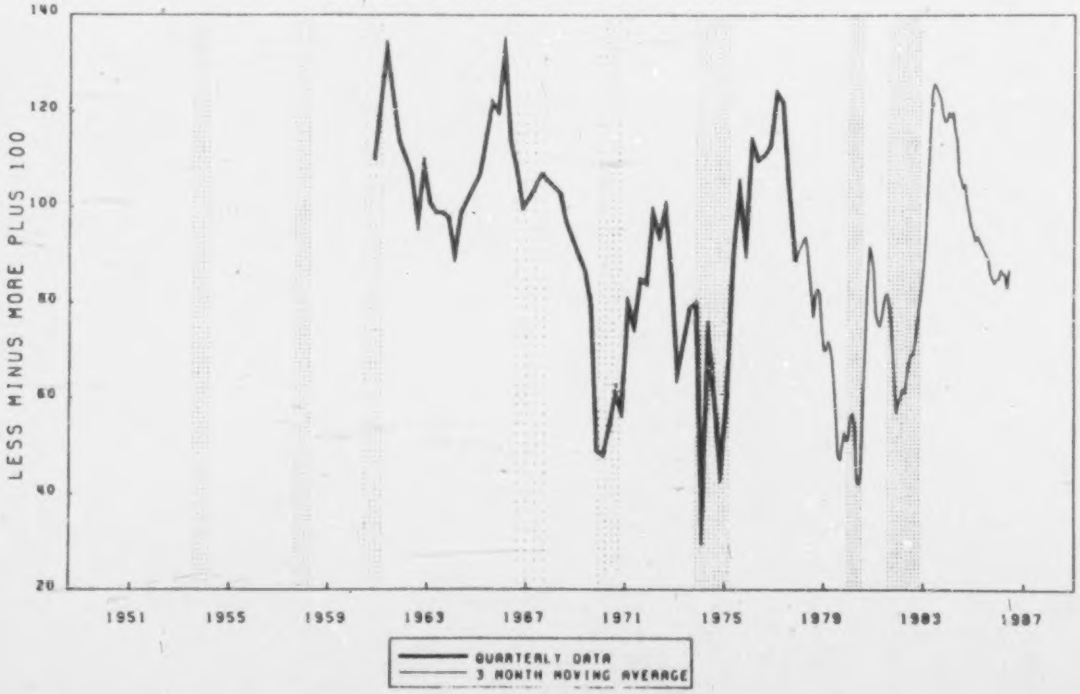


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
LESS	16%	14%	17%	14%	16%	15%	15%	15%	19%	17%	15%	14%	20%
SAME	58	58	52	53	51	54	54	54	51	48	51	54	53
MORE	25	27	29	31	32	29	30	30	29	33	32	31	26
DK,NA	1	1	2	2	1	2	1	1	1	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

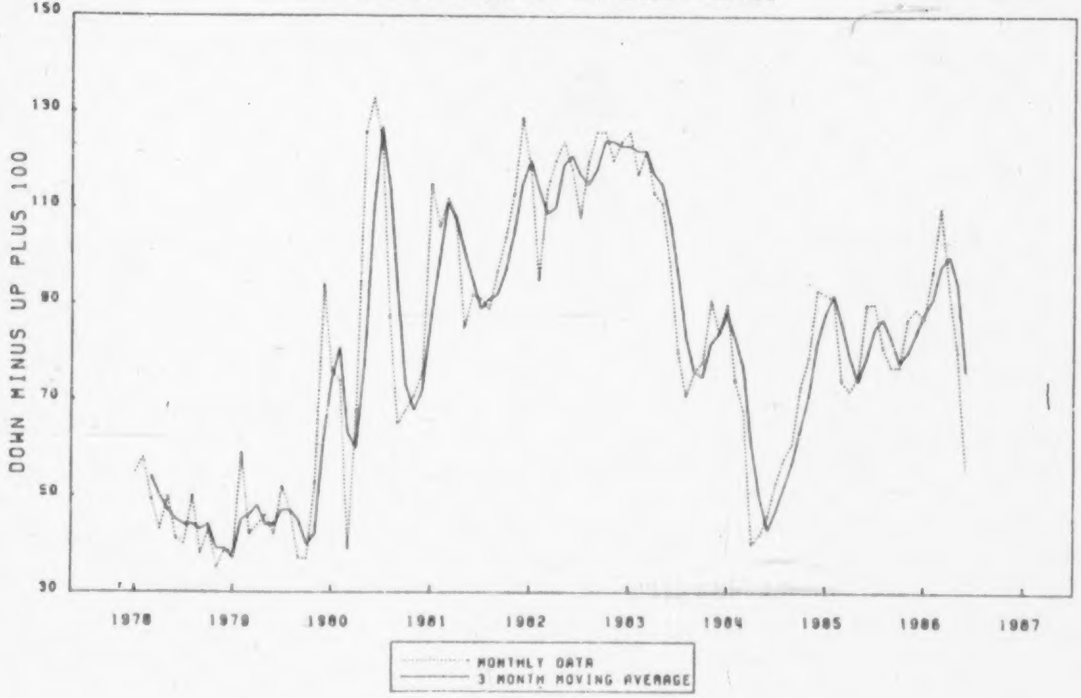


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

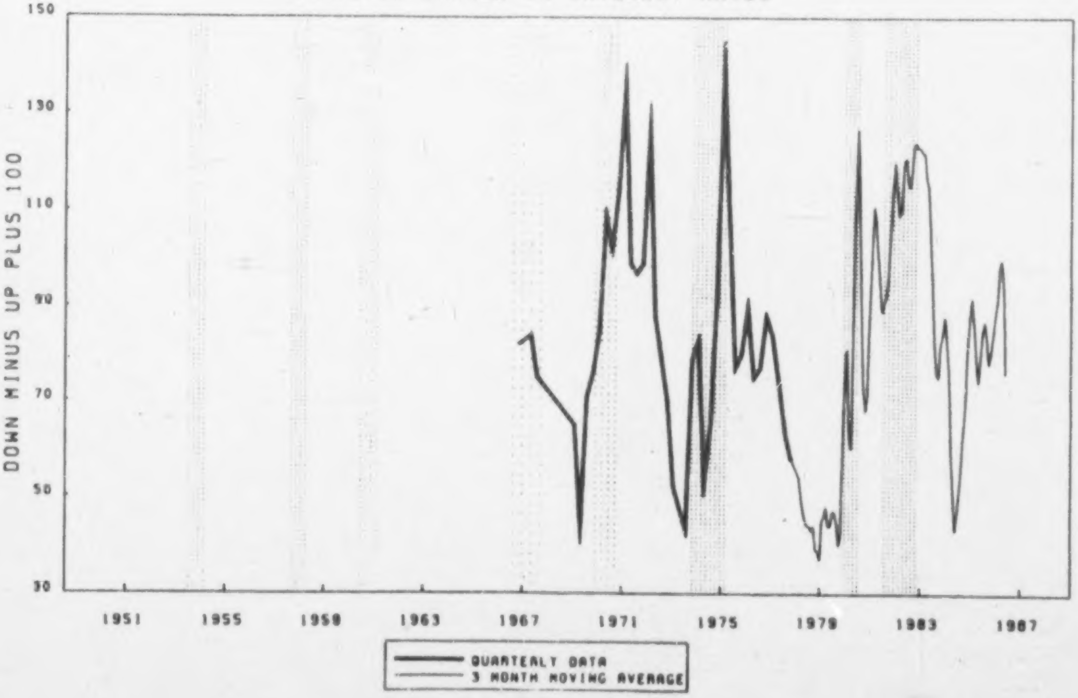


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GO UP	36%	35%	41%	43%	44%	36%	36%	38%	30%	26%	35%	41%	54%
STAY THE SAME	36	38	35	34	33	37	37	34	40	35	34	35	34
GO DOWN	26	25	22	20	21	23	25	25	27	36	28	21	10
DK,NA	2	2	2	3	2	4	2	3	3	3	3	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

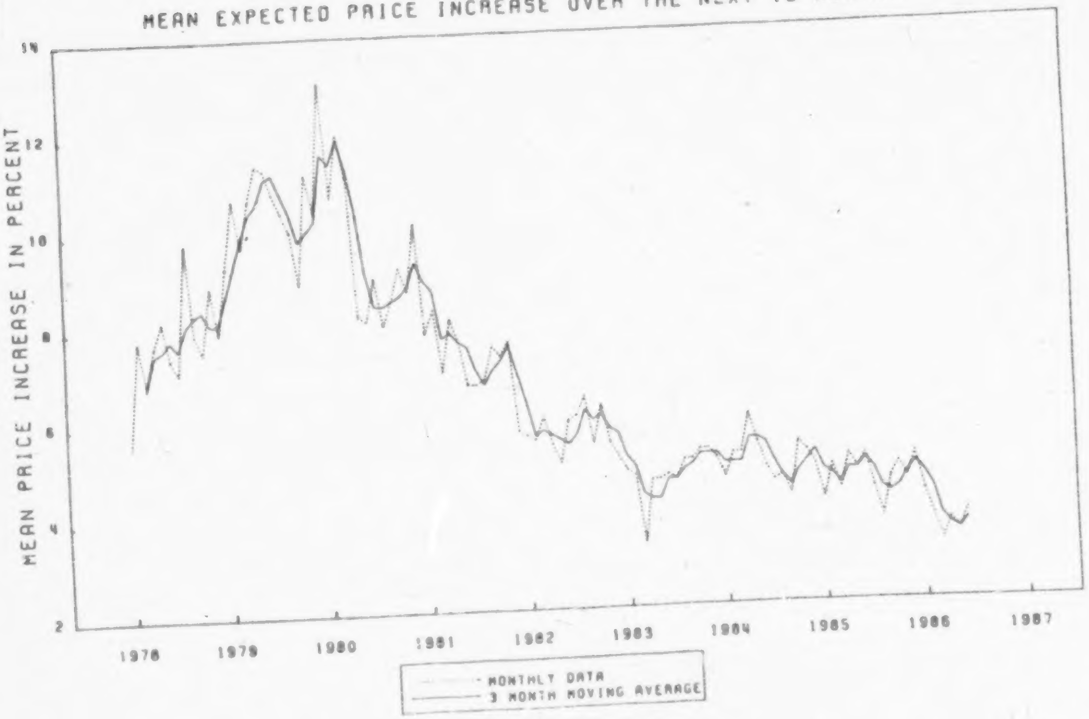


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

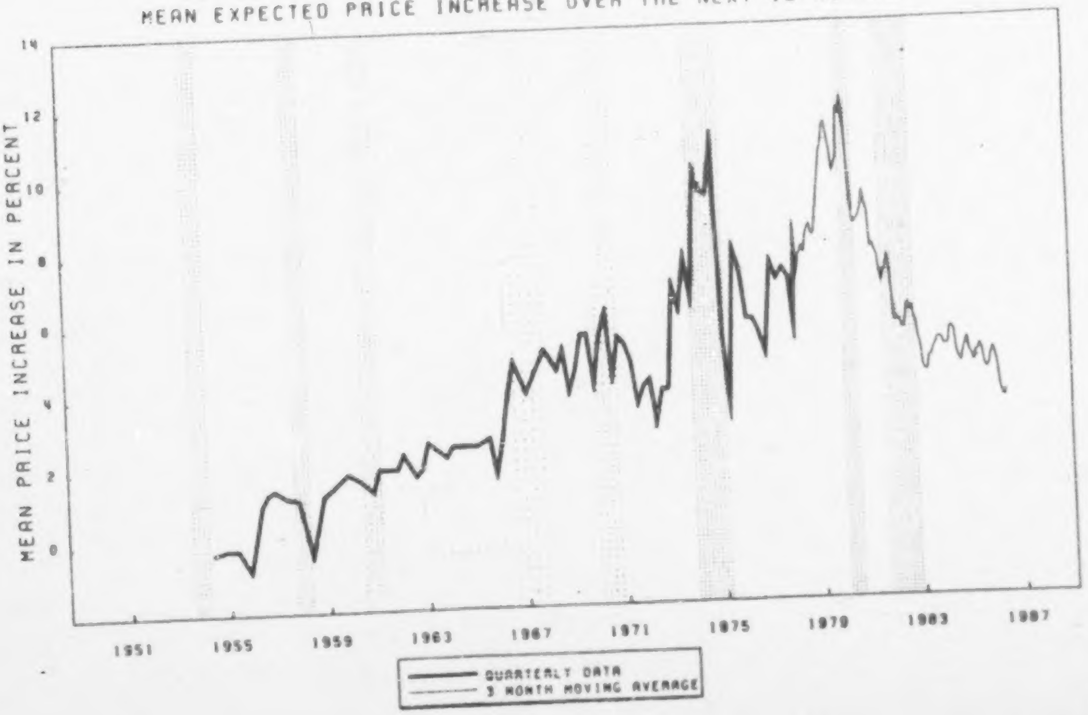


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
SAME OR DOWN	19%	24%	26%	26%	23%	25%	21%	24%	28%	36%	35%	31%	22%
WILL GO UP BY:													
1-2%	16	19	18	18	13	14	11	16	16	13	15	13	20
3-4%	21	20	21	17	21	20	22	24	19	16	18	22	20
5%	19	14	16	14	15	16	18	14	17	15	11	14	16
6-9%	6	8	6	6	6	6	6	6	6	4	5	5	6
10-14%	9	6	6	9	12	9	9	6	5	6	7	6	6
15% or more	6	4	4	5	5	5	7	5	3	3	4	3	4
DK how much up	2	4	2	3	4	3	5	4	4	6	4	4	5
DK,NA	2	1	1	2	1	2	1	1	2	1	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	5.0	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8
VARIANCE	51	49	21	46	41	42	43	47	38	39	42	27	23
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

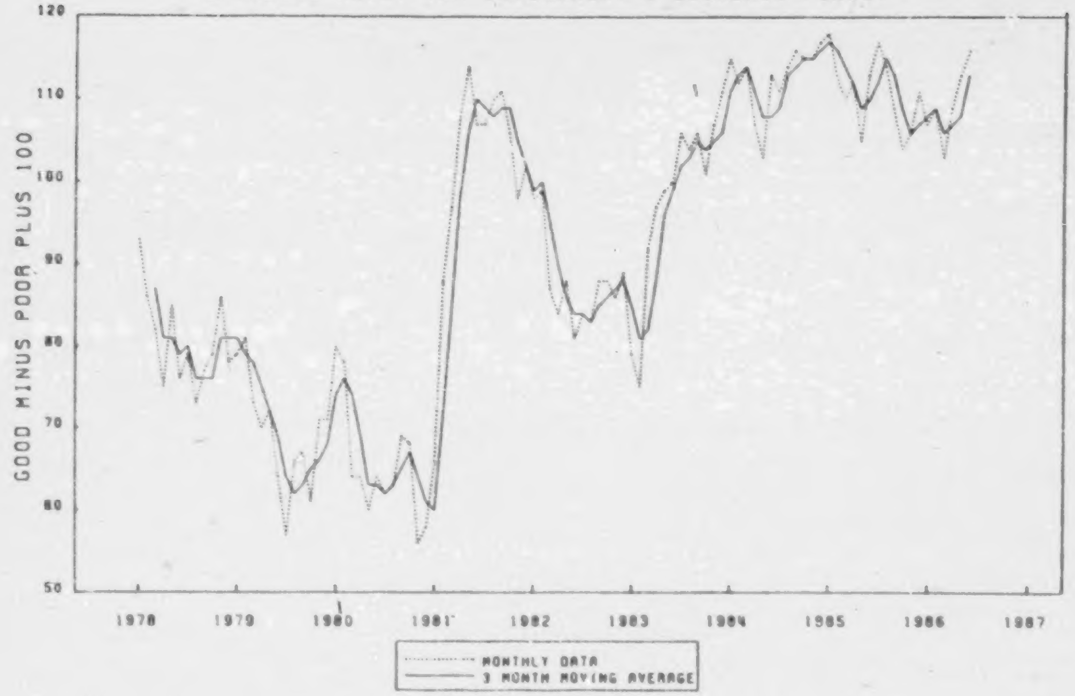


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

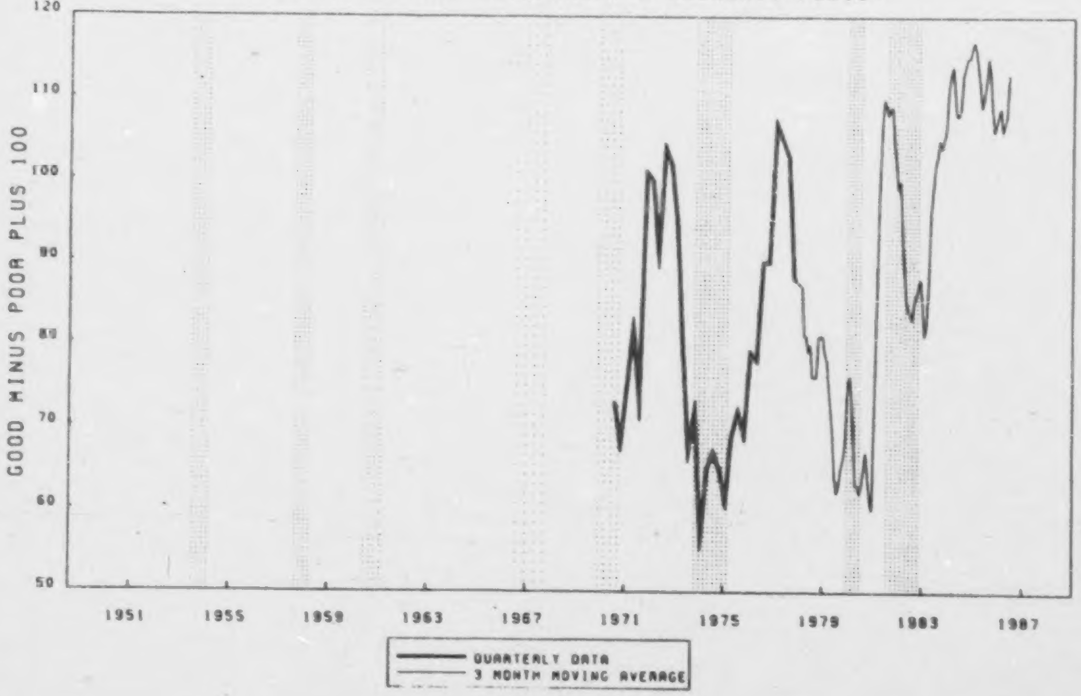


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
A GOOD JOB	29%	31%	29%	29%	25%	28%	28%	27%	29%	25%	29%	30%	33%
ONLY FAIR	53	52	53	49	50	48	53	52	48	51	50	49	49
A POOR JOB	16	14	15	20	21	22	17	20	20	22	20	17	17
DK,NA	2	3	3	2	4	2	2	1	3	2	1	4	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

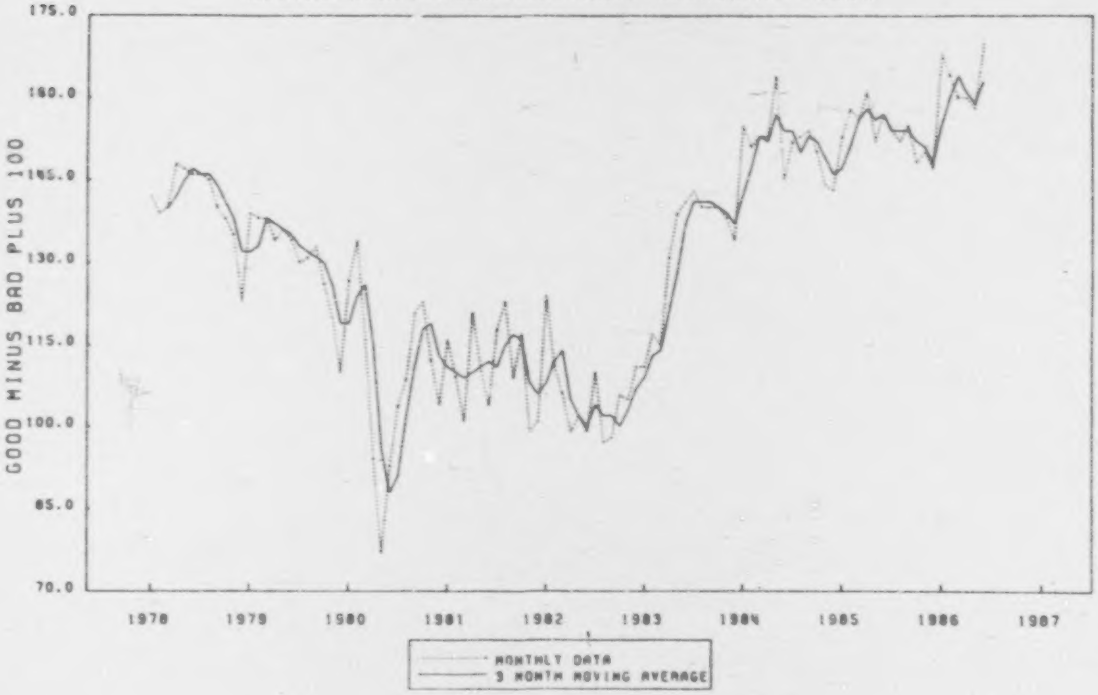


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

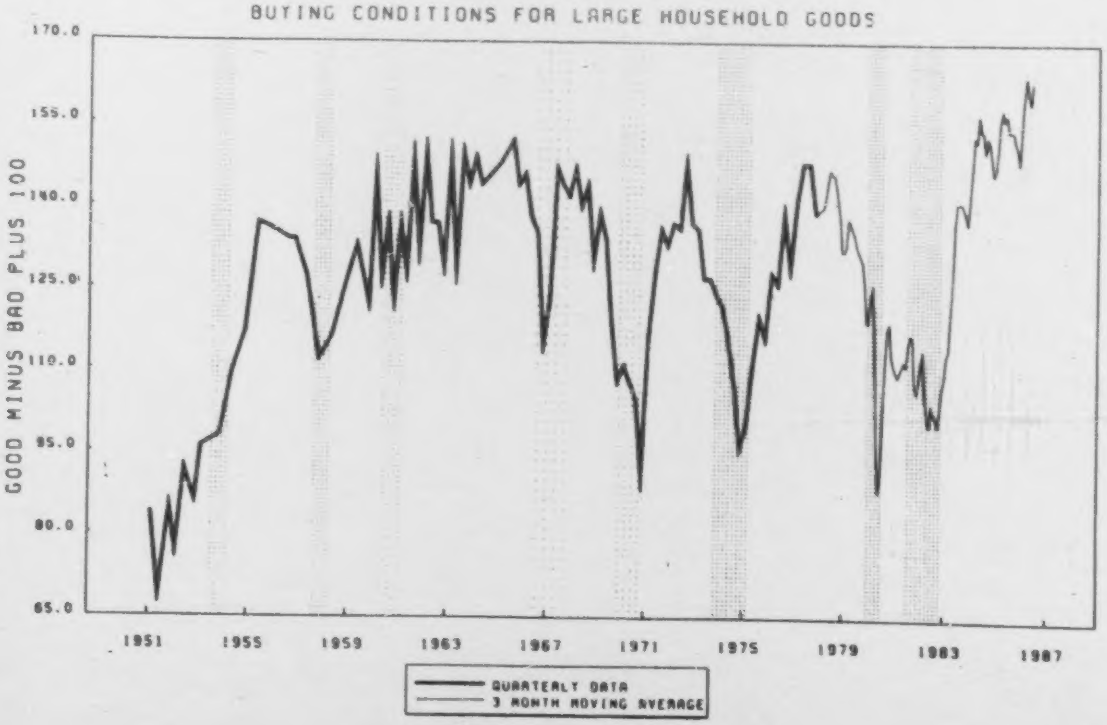


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY	74%	74%	69%	73%	69%	70%	69%	80%	78%	75%	75%	75%	81%
UNCERTAIN, DEPENDS	9	6	14	9	10	10	9	8	8	10	10	8	8
BAD TIME TO BUY	17	20	17	18	21	20	22	12	14	15	15	17	11
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

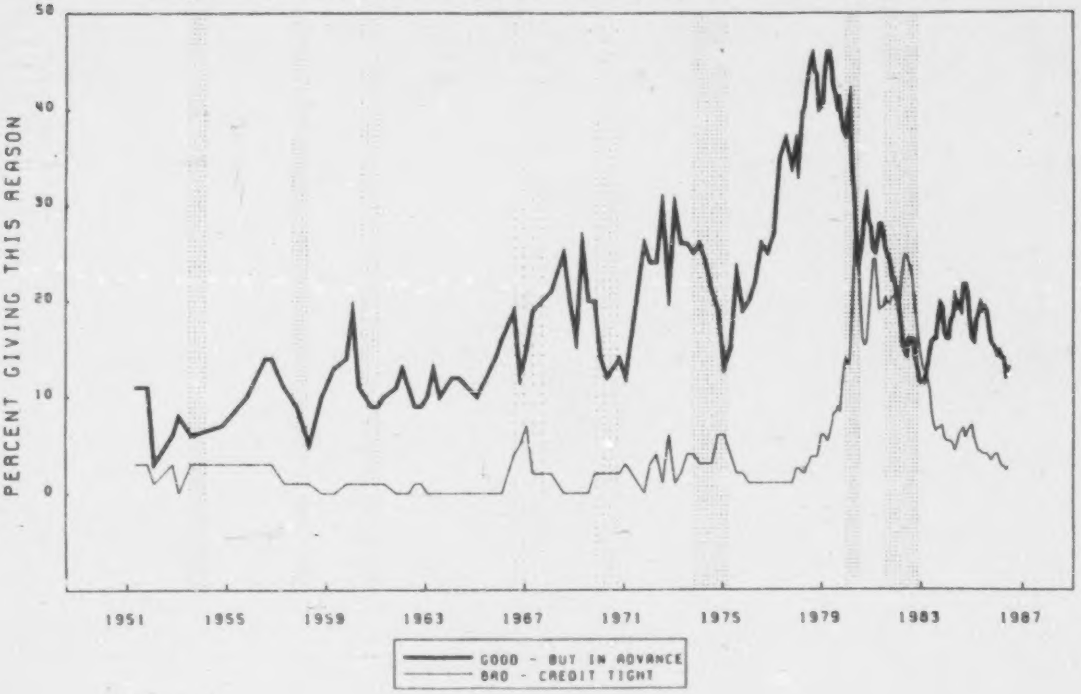


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

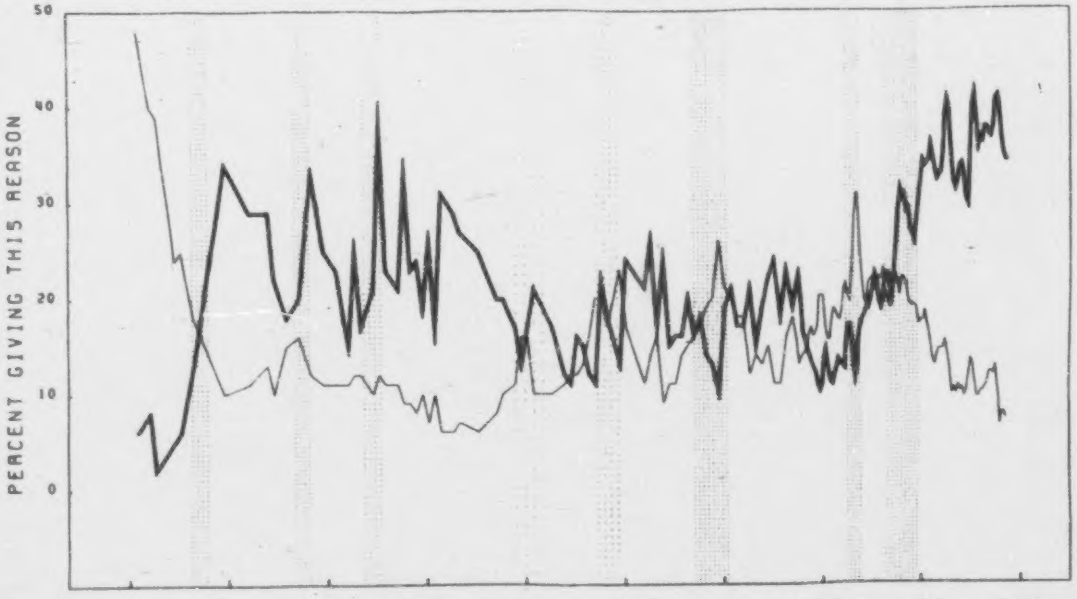


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	39%	36%	38%	39%	34%	37%	42%	43%	38%	37%	35%	33%	35%
Prices won't come down; are going higher	20	19	17	15	15	16	14	13	17	12	13	12	14
Interest rates low; credit is easy	13	14	15	14	15	12	12	18	20	21	29	31	31
BAD TIME TO BUY:													
Prices are high	10	11	12	14	11	11	17	5	7	8	9	7	6
Interest rates are high; credit is tight	4	4	4	3	3-	5	4	3	3	2	3	2	3
Lack of purchasing power	7	6	5	6	8	7	5	6	6	8	7	9	5

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

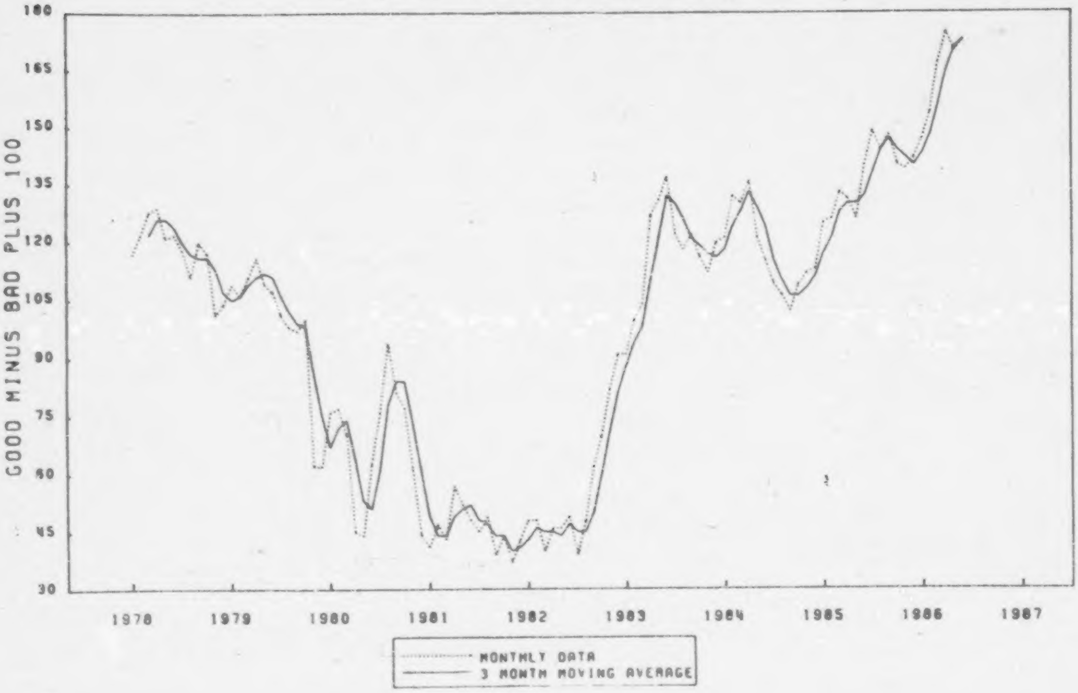


CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

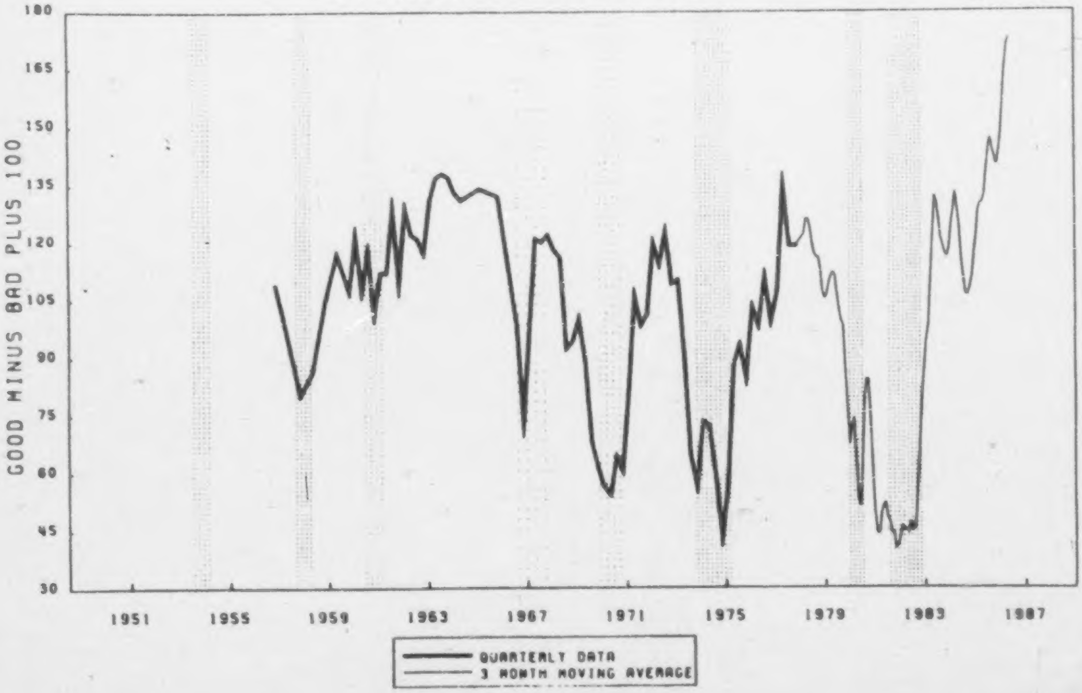


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

TABLE 23

BUYING CONDITIONS FOR HOUSES

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY	67%	73%	69%	72%	68%	67%	68%	72%	76%	82%	86%	83%	86%
UNCERTAIN, DEPENDS	6	3	6	4	4	5	6	3	2	3	3	4	1
BAD TIME TO BUY	27	24	25	24	28	28	26	25	22	15	11	13	13
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

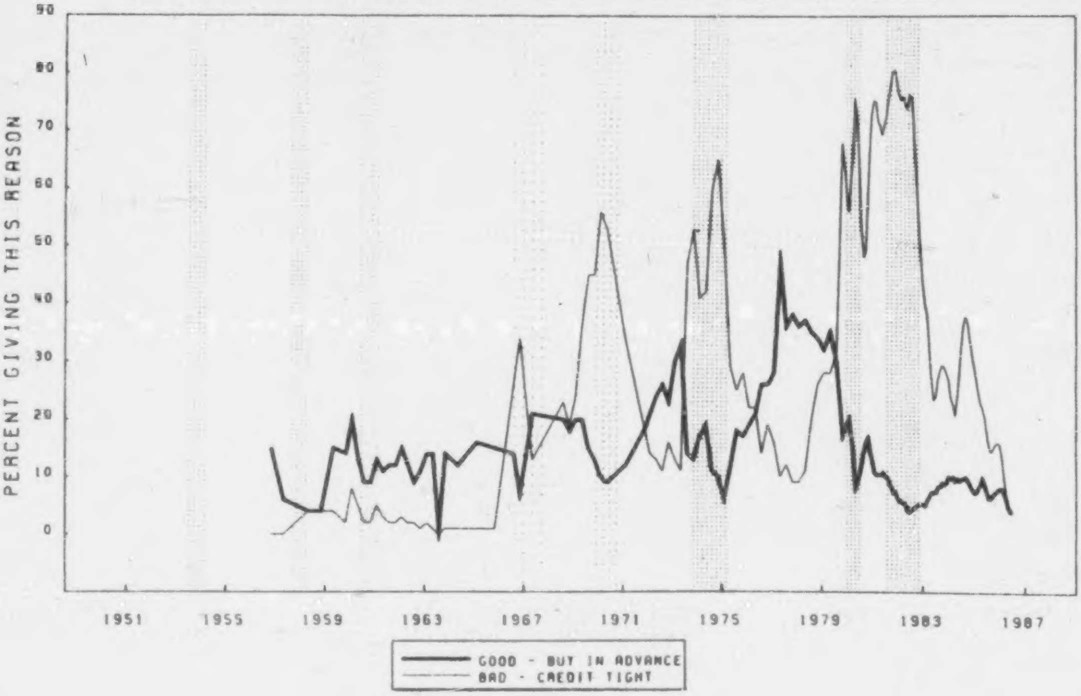


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

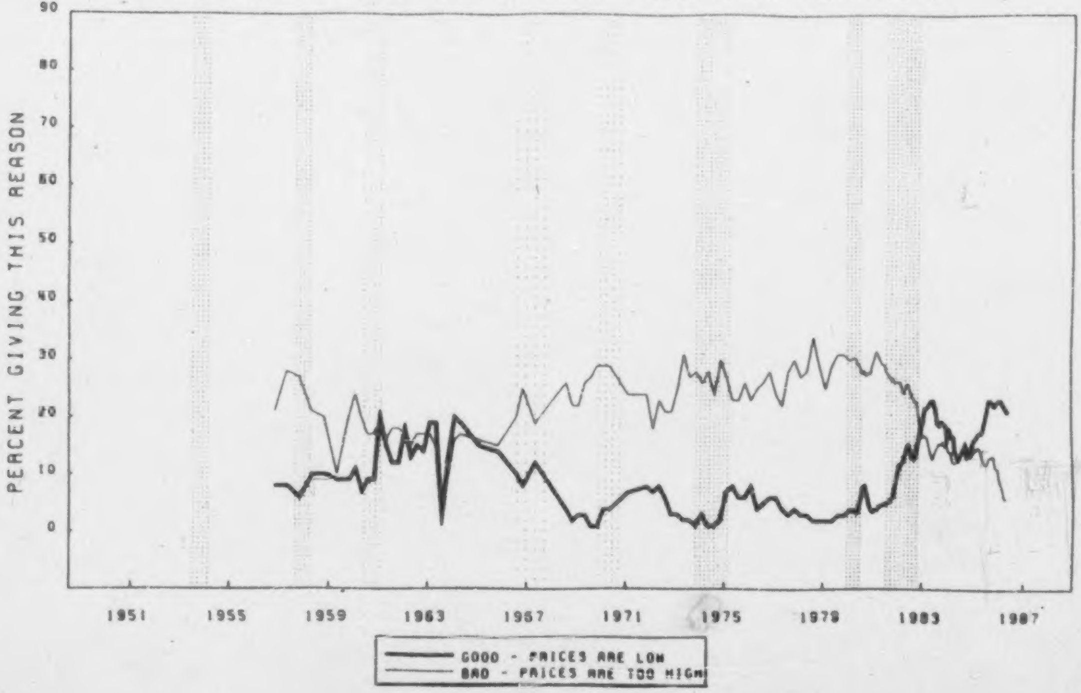


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	18%	22%	23%	24%	22%	21%	23%	24%	22%	23%	22%	20%	21%
Prices won't come down; are going higher	7	5	7	7	7	8	8	8	8	6	5	3	4
Interest rates low; credit is easy	56	57	58	56	55	52	53	60	64	76	83	80	83
Good investment	6	5	7	4	6	4	5	6	4	5	3	3	3
BAD TIME TO BUY:													
Prices are high	12	11	12	12	15	12	13	8	12	6	5	6	6
Interest rates are high; credit is tight	17	13	16	14	15	18	15	14	11	5	4	5	5
Lack of purchasing power	9	11	9	9	10	10	6	10	8	8	6	6	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

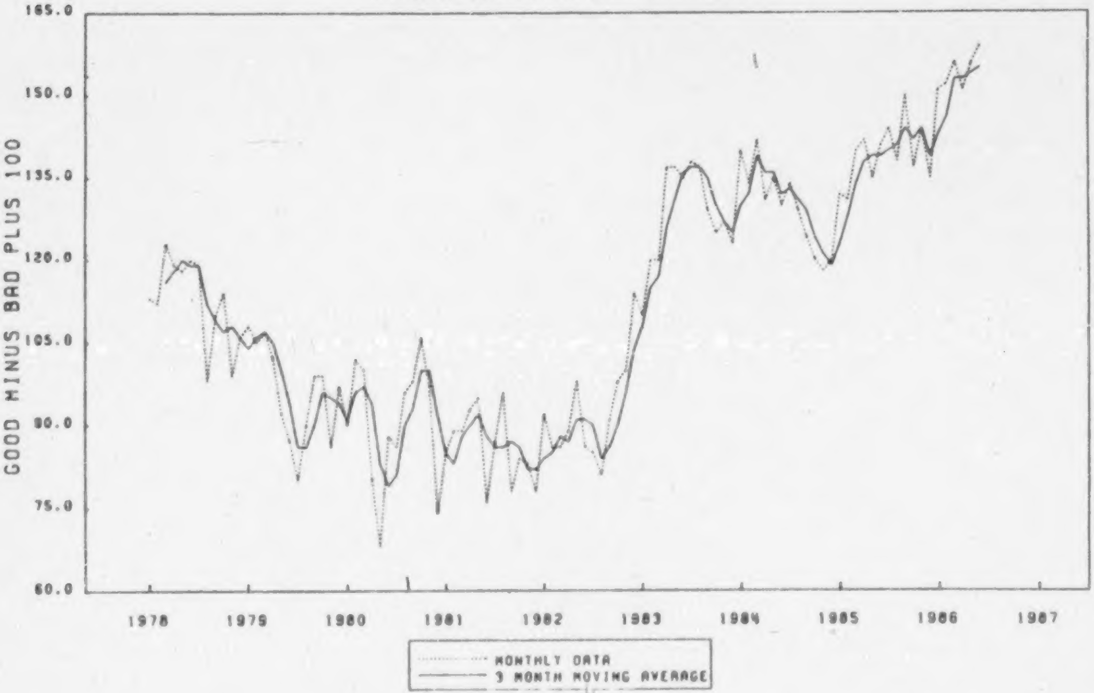


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

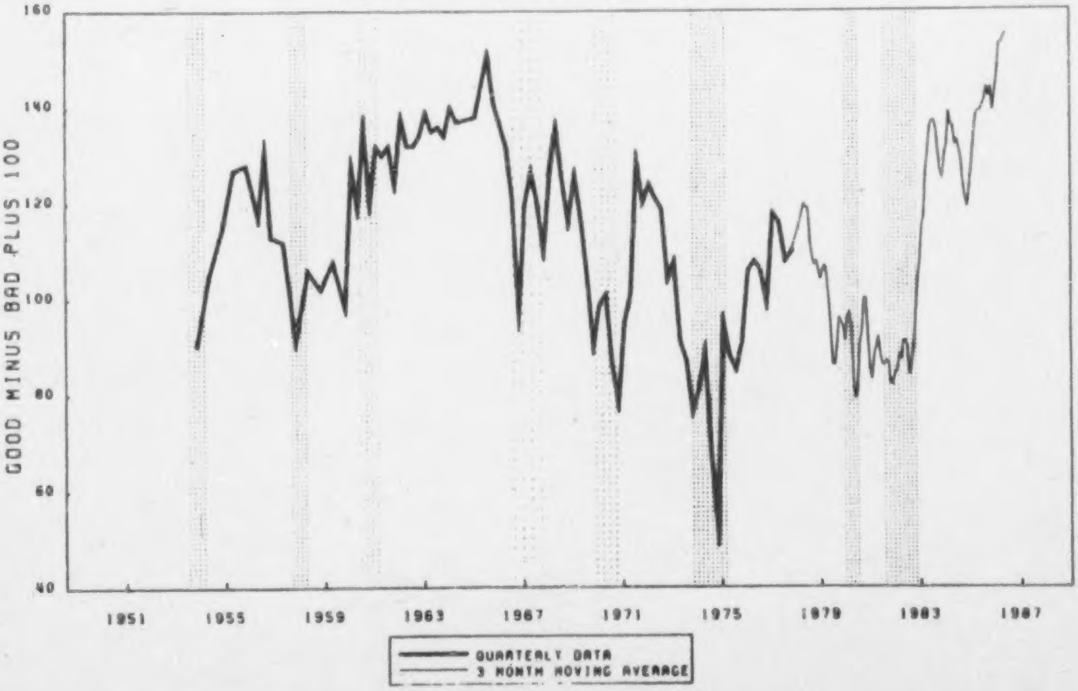


TABLE 25

BUYING CONDITIONS FOR CARS

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY	67%	67%	64%	72%	65%	68%	63%	71%	73%	74%	73%	75%	77%
UNCERTAIN; DEPENDS	7	10	10	6	7	8	9	9	6	8	5	6	5
BAD TIME TO BUY	26	23	26	22	28	24	28	20	21	18	22	19	18
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	652	641	650	654	652	651	652	656	656	658	658	655	658

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

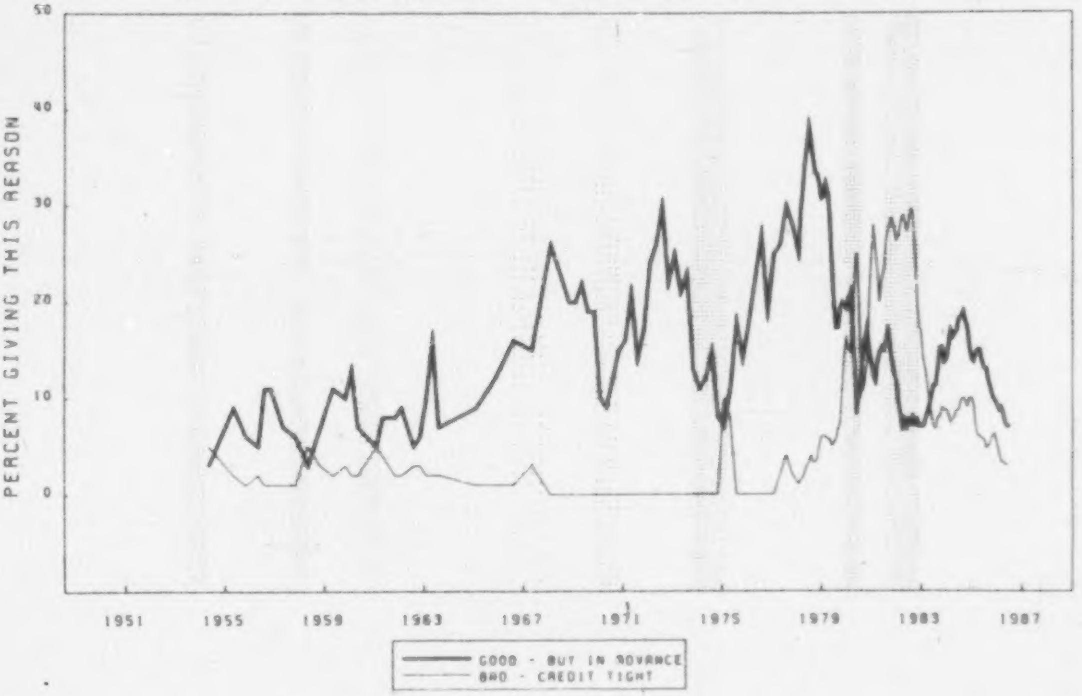


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

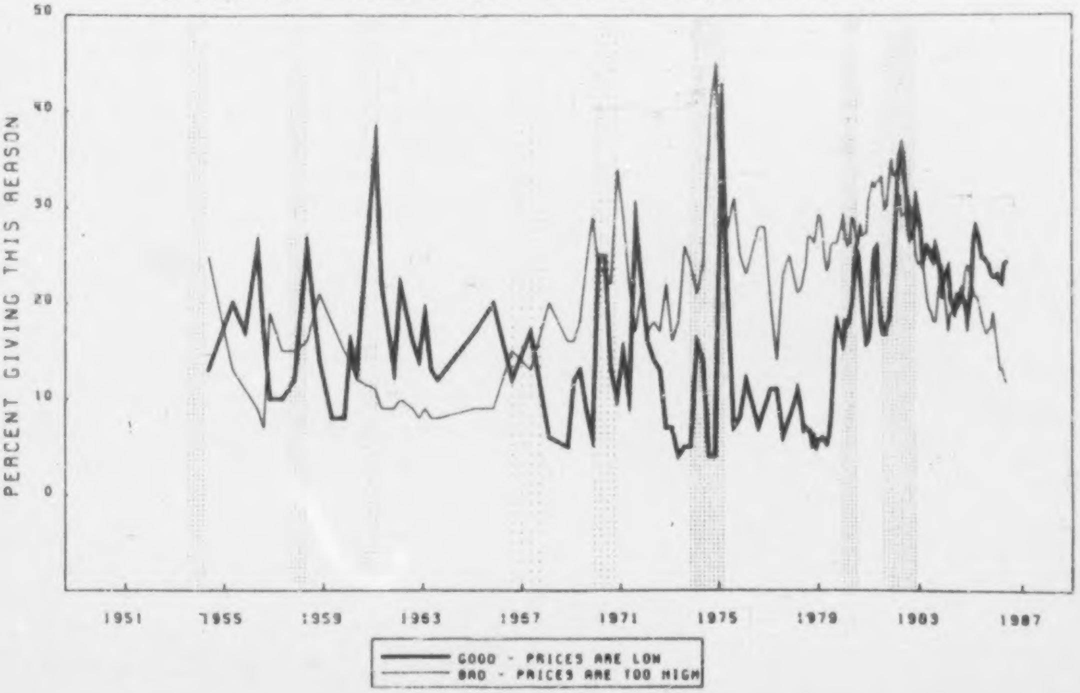


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	June 1985	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	26%	24%	24%	25%	23%	21%	24%	23%	22%	22%	22%	28%	23%
Prices won't come down; are going higher	13	12	14	9	10	11	8	9	9	9	7	6	8
Interest rates low; credit is easy	35	35	36	46	41	40	37	51	53	54	54	58	62
New fuel efficient models	1	1	1	1	1	2	1	*	1	*	1	*	*
BAD TIME TO BUY:													
Prices are high	17	17	18	15	19	18	20	13	13	13	14	10	11
Interest rates are high; credit is tight	4	5	5	5	6	7	6	3	4	3	3	3	3
Lack of purchasing power	6	6	4	4	6	4	4	5	5	4	6	6	4
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	3	4	3	3	1	4	4	2	3	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

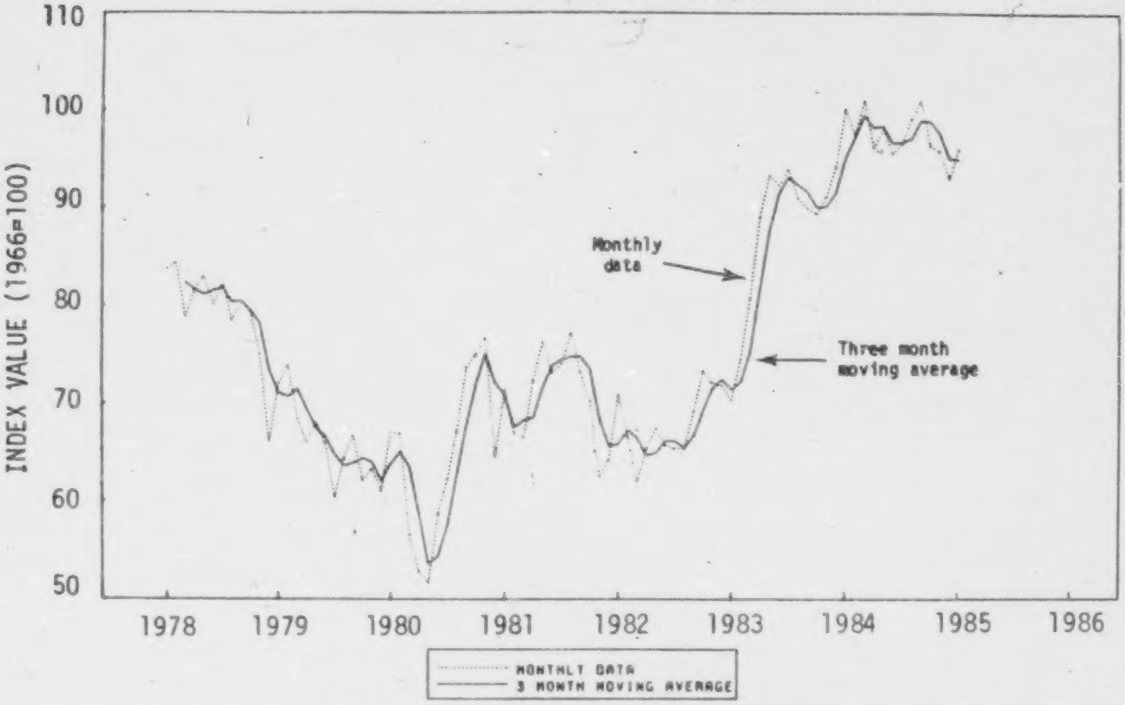
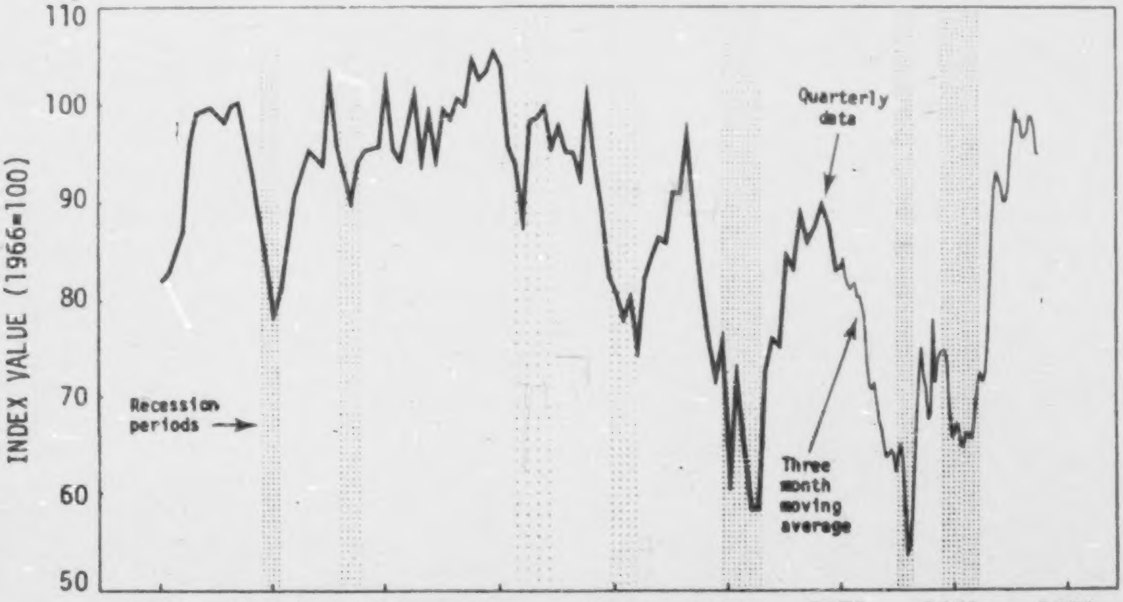


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:
November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews 700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

July 3, 1986

JUNE 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

BUYING ATTITUDES CONTINUE RECORD SETTING TREND

- In the June 1986 survey, the Index of Consumer Sentiment stood at 99.3, up from 94.6 one month earlier, and 96.5 one year earlier. This reading is insignificantly below the recent cyclical peak of 101.0 recorded in the March 1984 survey. Most of the recent gain was due to more favorable evaluations of current rather than expected future economic conditions. More families held favorable attitudes toward current buying conditions for homes, vehicles, and large household durables than at any other time in the history of these surveys.

- Among families with incomes of $30,000 or more, the Index rose to 110.6 in the June 1986 survey, up from 105.5 in May and the recent low of 99.6 in October 1985. Despite this substantial improvement, the current reading remains significantly below the March 1984 peak of 117.8.

- Favorable attitudes toward buying conditions for large household durables were held by 81 percent of all families in the June 1986 survey, just above the prior record of 80 percent recorded in the January 1986 survey. Whereas the January peak was driven by the availability of price discounts, the resurgence in the June survey was due to interest rate declines. From January to June the proportion that reported the availability of price discounts fell from 43 to 35 percent, while the proportion that favorably mentioned interest rates rose from 18 to 31 percent.

- Favorable attitudes toward buying conditions for vehicles were held by 77 percent of all families in the June 1986 survey, just above the prior all-time record of 75 percent recorded in May. References to reduced interest rates on vehicle loans were made by 62 percent of all families in the June survey, the highest level ever recorded. References to the availability of price discounts on vehicles were made by 23 percent of all families in the June 1986 survey, somewhat below the 26 percent recorded one year earlier. Complaints about high vehicle prices, however, also fell during the past year, to 11 from 17 percent, resulting in a more favorable balance of opinion.

- Favorable attitudes toward buying conditions for homes were held by 86 percent of all families in the June 1986 survey, equal to the all-time record set two months earlier, and up from 67 percent one year earlier. Favorable references to mortgage interest rates were made by 83 percent of all families in June, equal to the April reading, and up from 56 percent one year earlier. During the past year, favorable references to home prices rose to 21 from 18 percent, while complaints about high prices fell to 6 from 12 percent.

- Further declines in interest rates during the year ahead were expected by just 10 percent of all families in June, down from 21 percent in May. Among all families in the June 1986 survey, 54 percent expected increases in interest rates during the year ahead, up from 41 percent one month earlier. The outlook for unemployment improved in the June 1986 survey, with 20 percent of all families reporting that they expected declines in the unemployment rate during the year ahead, up from 14 percent in May. The majority of families continued to expect the unemployment rate to remain unchanged during the year ahead (53 percent). The annual inflation rate was expected to average 3.8% in the June 1986 survey, up from 3.4% in May, but well below the 5.0% recorded one year earlier.

- In the June 1986 survey, 47 percent of all families reported that their personal financial situation had improved, up from 42 percent in May, and just below the cyclical peak of 48 percent recorded in 1984. The proportion that expected improvement in their financial situation during the year ahead fell slightly to 38 percent in June, from 40 percent in May.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

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SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

JULY 1986

The July 1986 survey is the 214th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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5	SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION
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8	EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS
9	EXPECTED CHANGE IN REAL FAMILY INCOME
10	NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
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26	SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

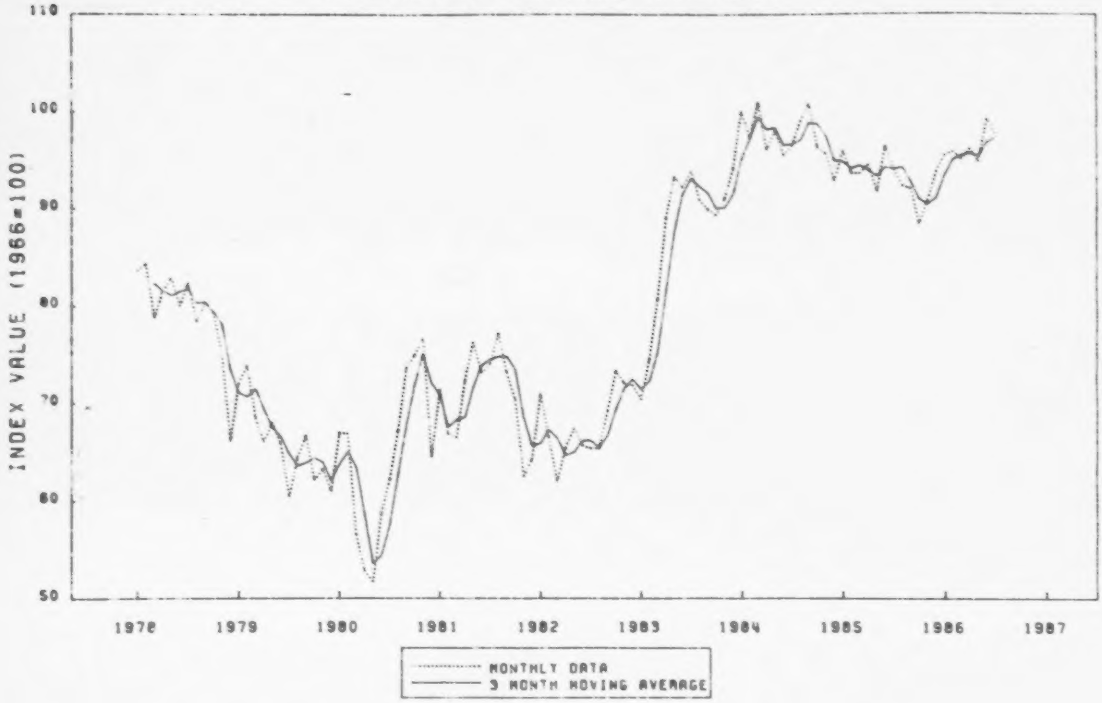


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

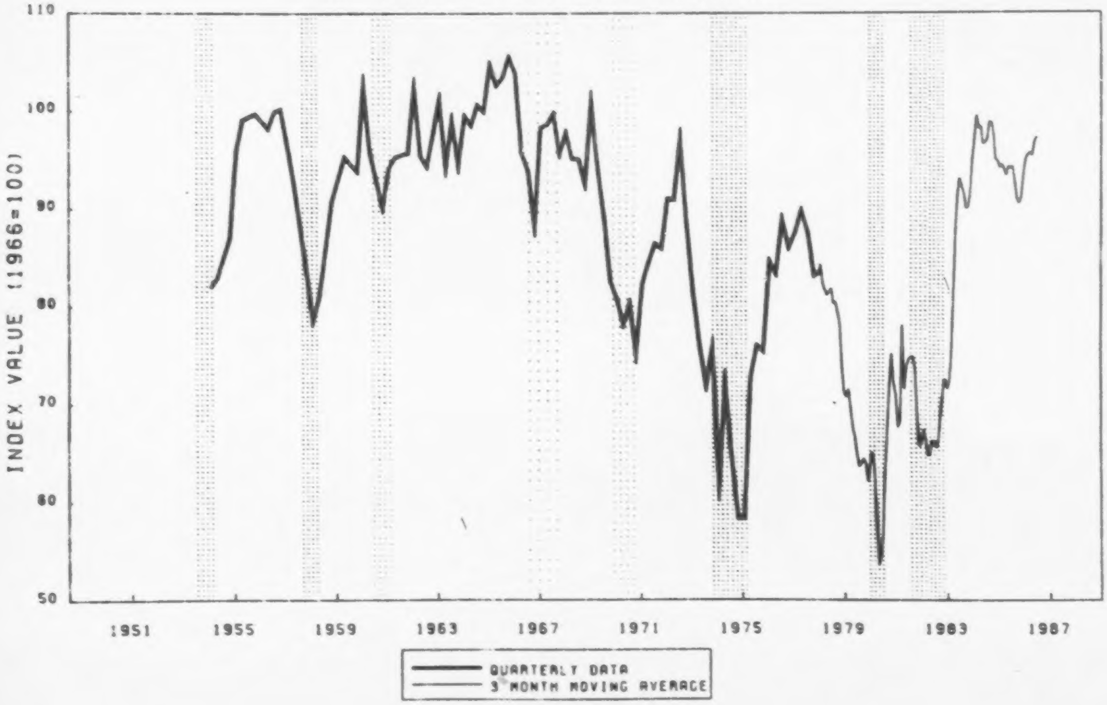


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over $30,000	Families with incomes over $40,000
July	1983	93.9	108.9	
August	1983	90.9	109.5	
September	1983	89.9	103.7	
October	1983	89.3	103.6	
November	1983	91.1	100.3	
December	1983	94.2	105.4	
January	1984	100.1	115.6	
February	1984	97.4	114.3	
March	1984	101.0	117.8	
April	1984	96.1	107.0	
May	1984	98.1	107.8	
June	1984	95.5	105.5	
July	1984	96.6	102.7	
August	1984	99.1	113.3	
September	1984	100.9	110.8	
October	1984	96.3	113.5	
November	1984	95.7	112.9	
December	1984	92.9	101.5	
January	1985	96.0	110.2	112.1
February	1985	93.7	113.8	113.8
March	1985	93.7	110.8	114.4
April	1985	94.6	108.9	114.9
May	1985	91.8	105.3	107.7
June	1985	96.5	107.4	110.3
July	1985	94.0	105.2	109.5
August	1985	92.4	106.7	110.2
September	1985	92.1	101.7	104.9
October	1985	88.4	99.6	107.4
November	1985	90.9	100.8	100.3
December	1985	93.9	106.0	108.3
January	1986	95.6	109.7	110.1
February	1986	95.9	107.8	109.0
March	1986	95.1	102.9	110.2
April	1986	96.2	106.9	111.0
May	1986	94.8	105.5	109.9
June	1986	99.3	110.6	112.4
July	1986	97.7	109.6	108.5

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

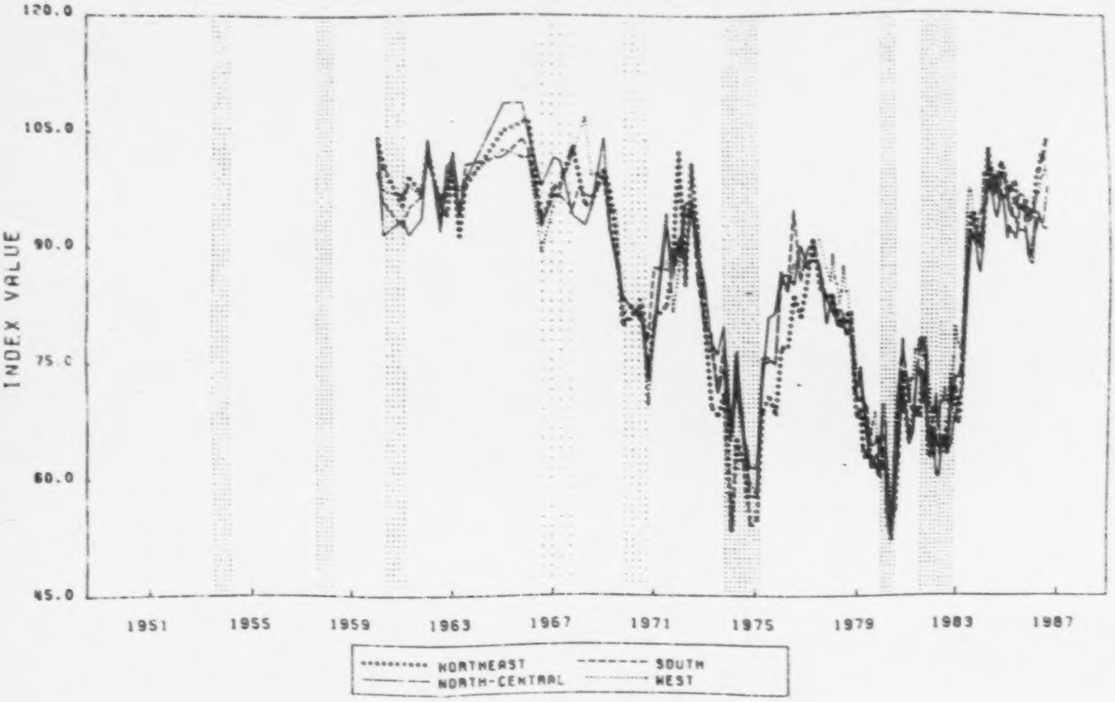


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

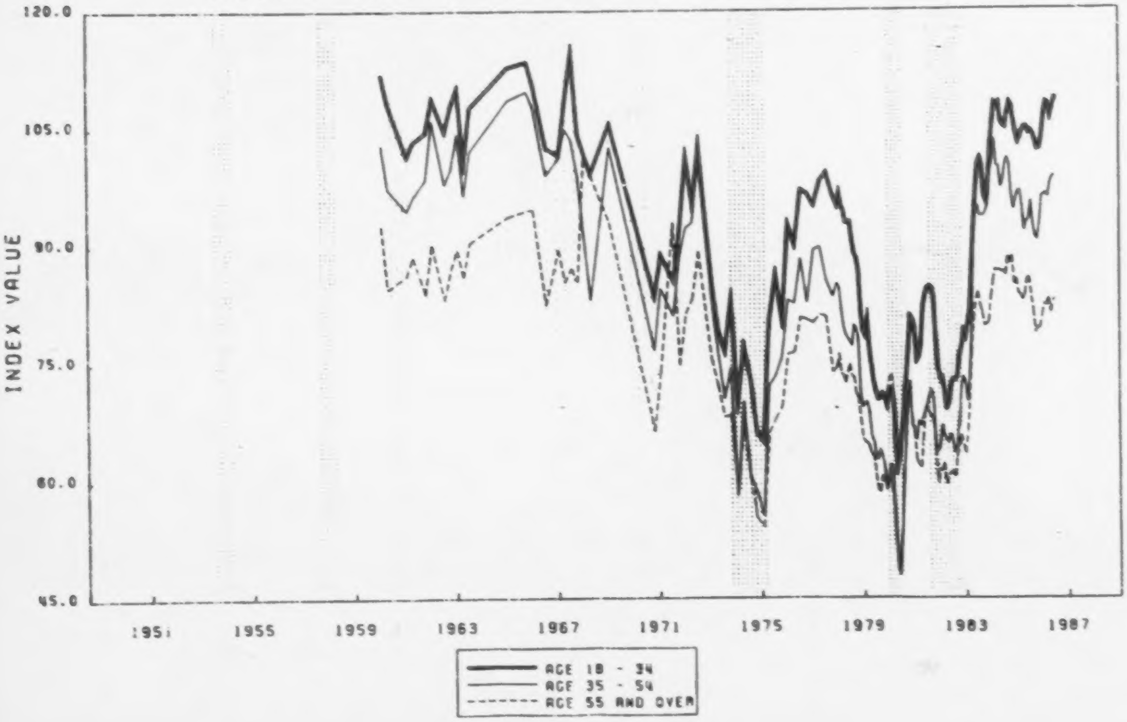


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

		CENSUS REGION				AGE OF RESPONDENT		
DATE OF SURVEY		North East	North Central	South	West	18-34	35-54	55+
July	1983	98.3	93.8	89.9	94.3	106.0	93.6	83.0
August	1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September	1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October	1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November	1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December	1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

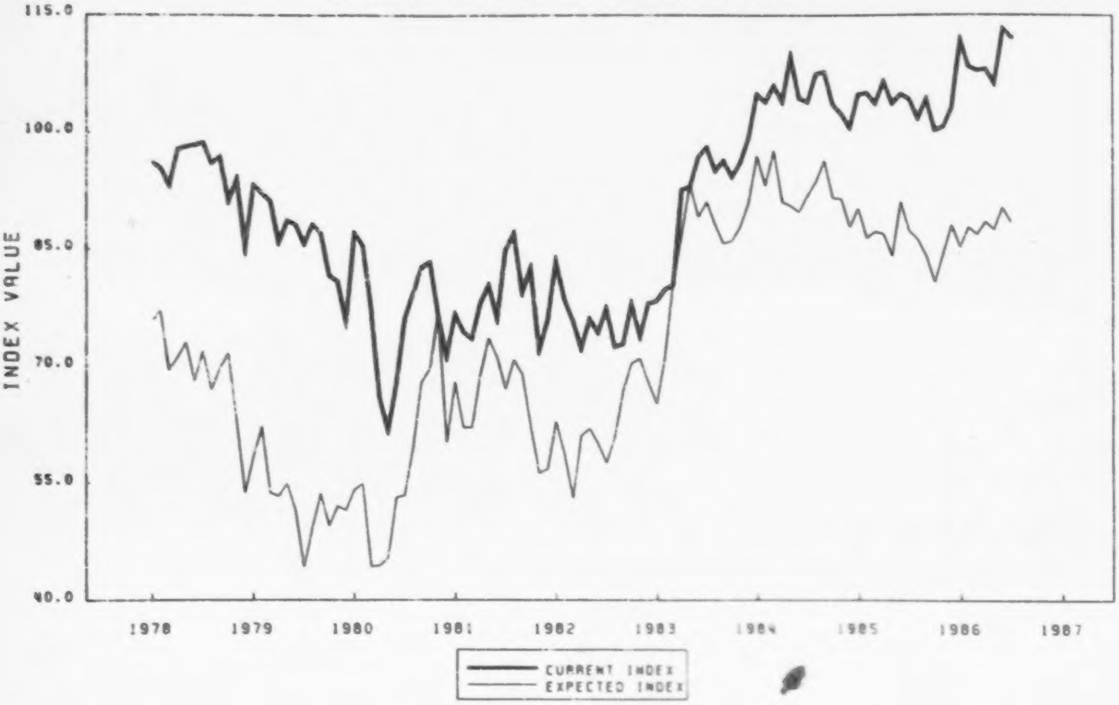


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

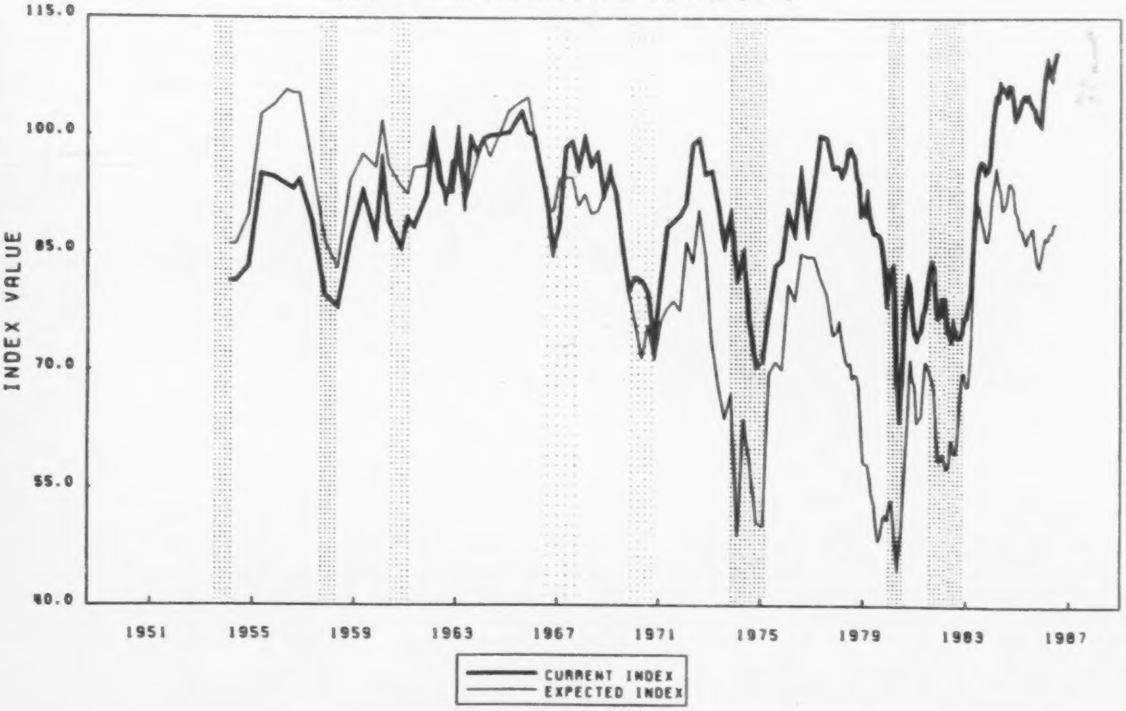


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
July 1983	111	126	136	104	143	98.1	91.1
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

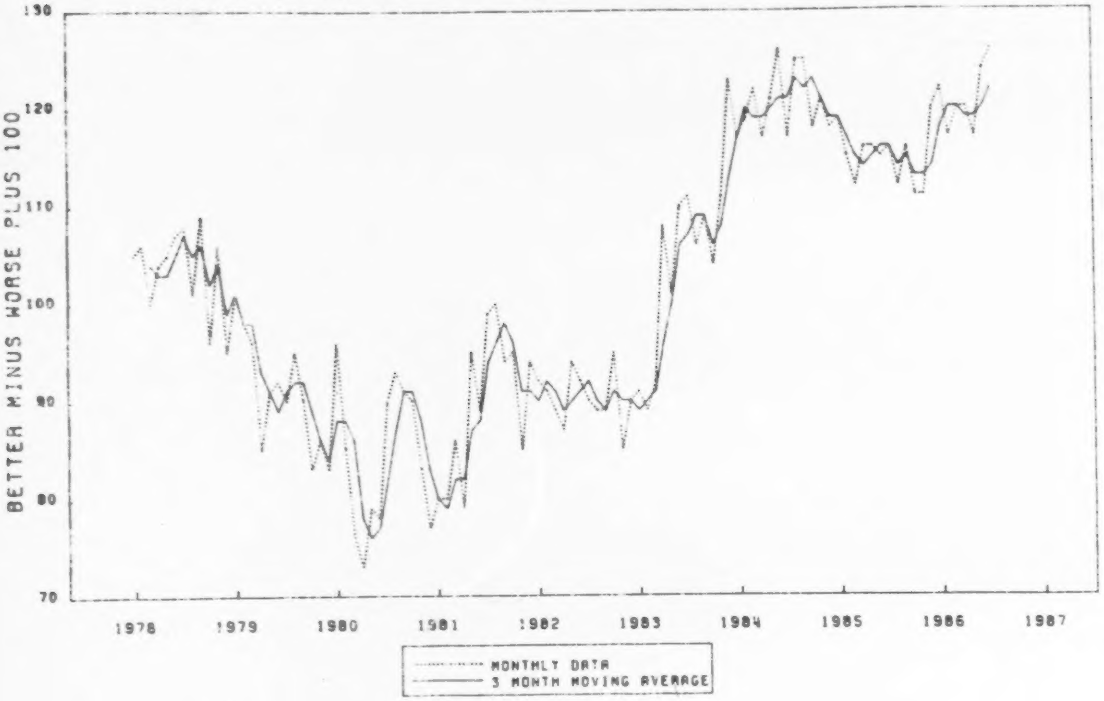


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

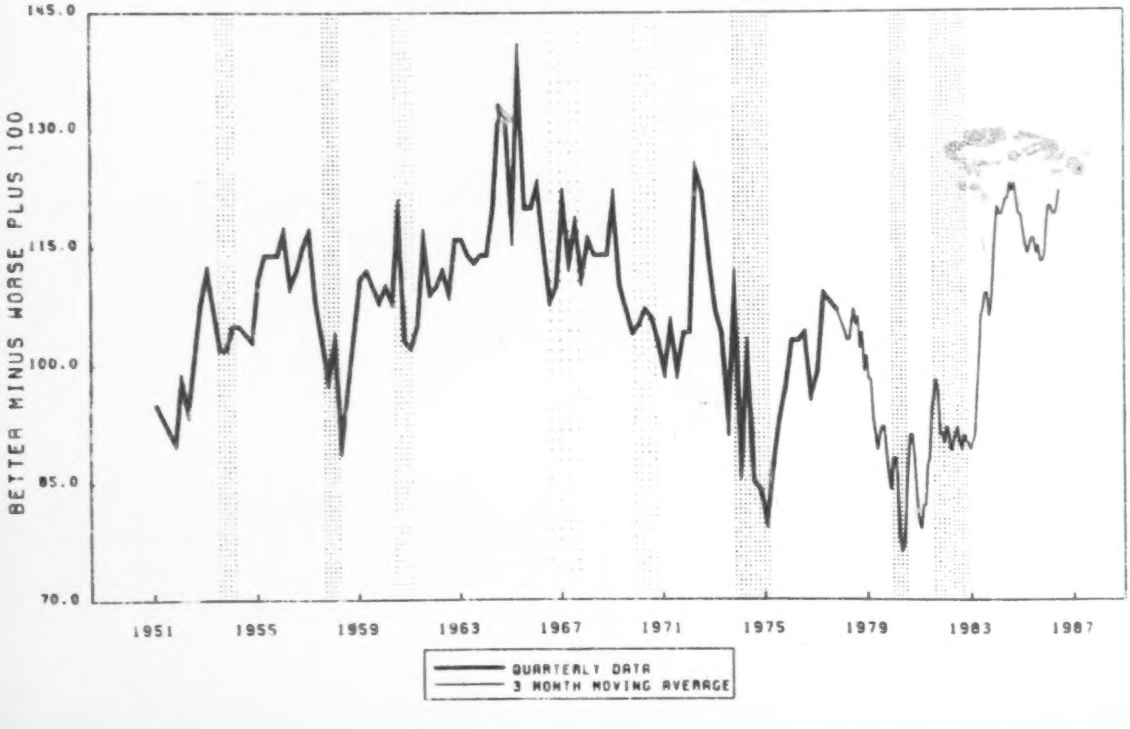


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
BETTER OFF	42%	41%	43%	39%	38%	46%	45%	44%	44%	45%	42%	47%	49%
SAME	32	29	28	33	34	28	32	29	32	30	33	29	28
WORSE OFF	26	29	27	28	27	26	23	27	24	25	25	23	23
DK,NA	*	1	2	*	1	*	*	*	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

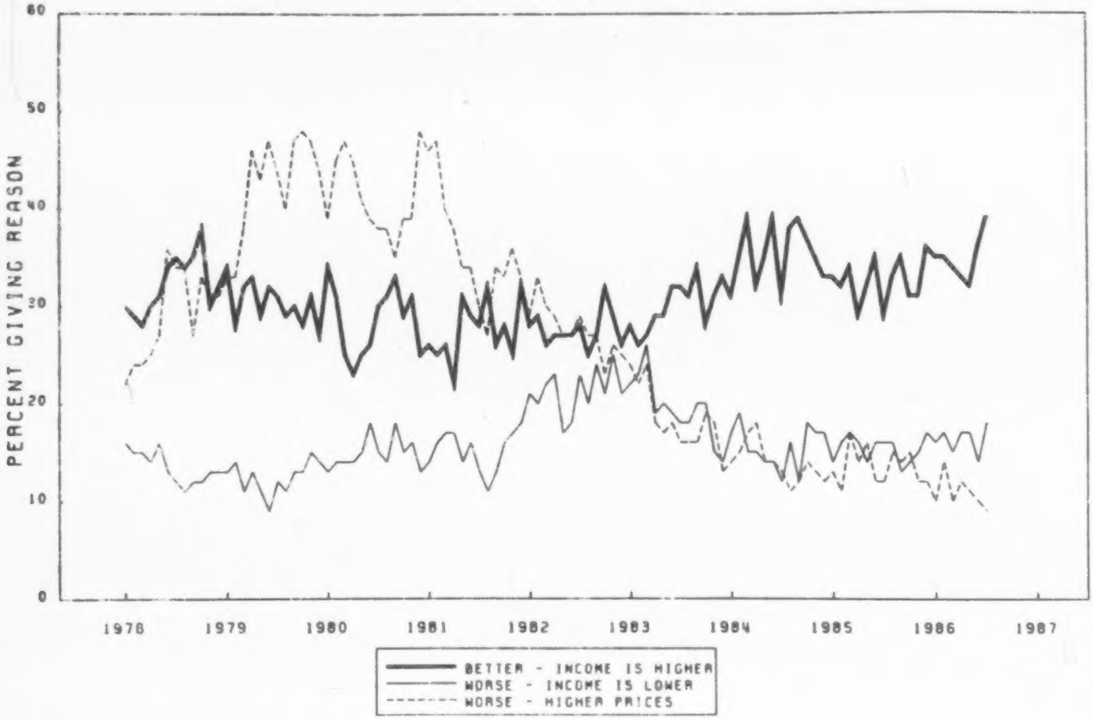


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

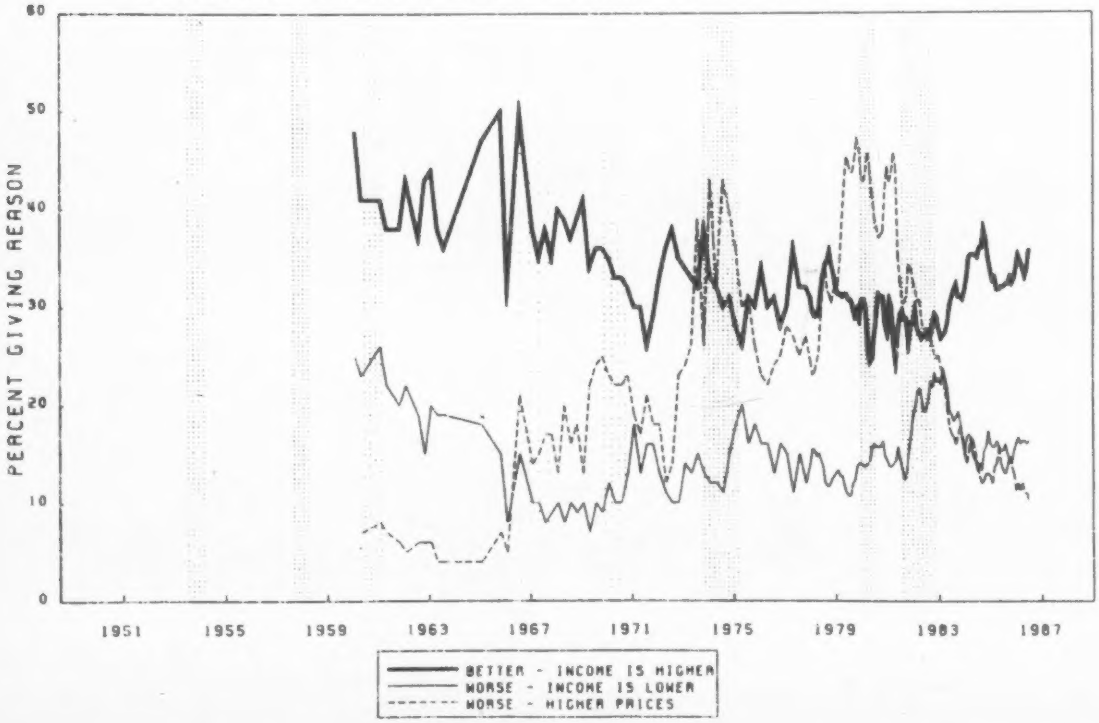


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	29%	33%	35%	31%	31%	36%	35%	35%	34%	33%	32%	36%	39%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	16	13	14	15	17	16	17	15	17	17	14	18
Higher prices	12	15	14	15	12	12	10	14	10	12	11	10	9

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

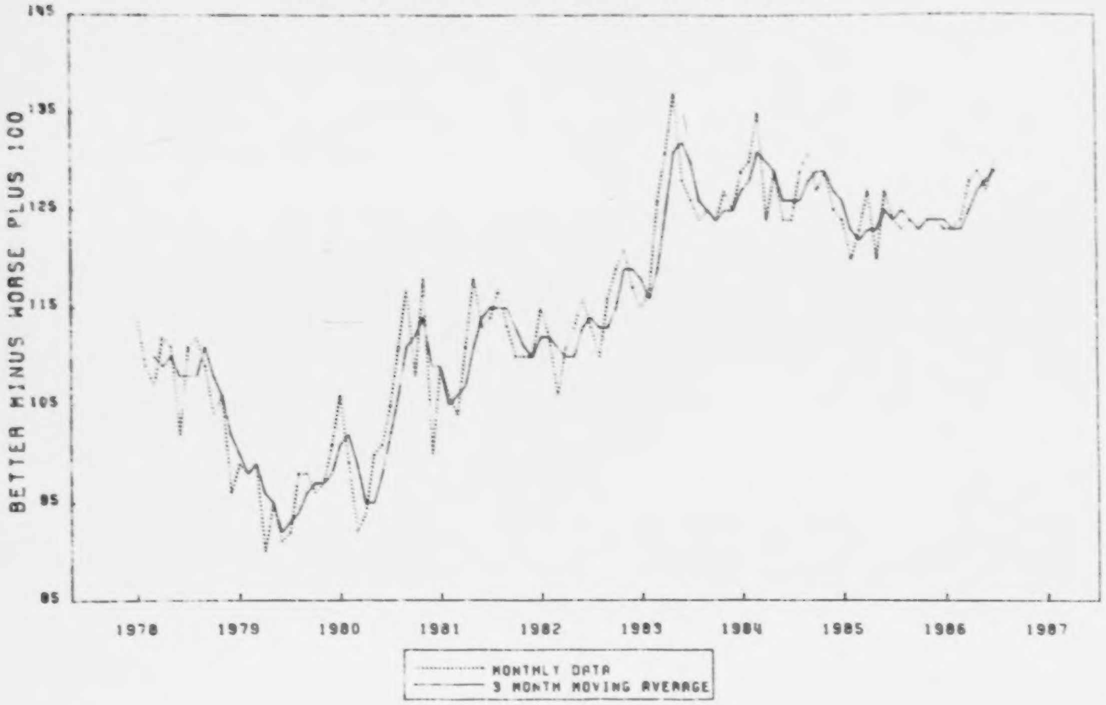


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

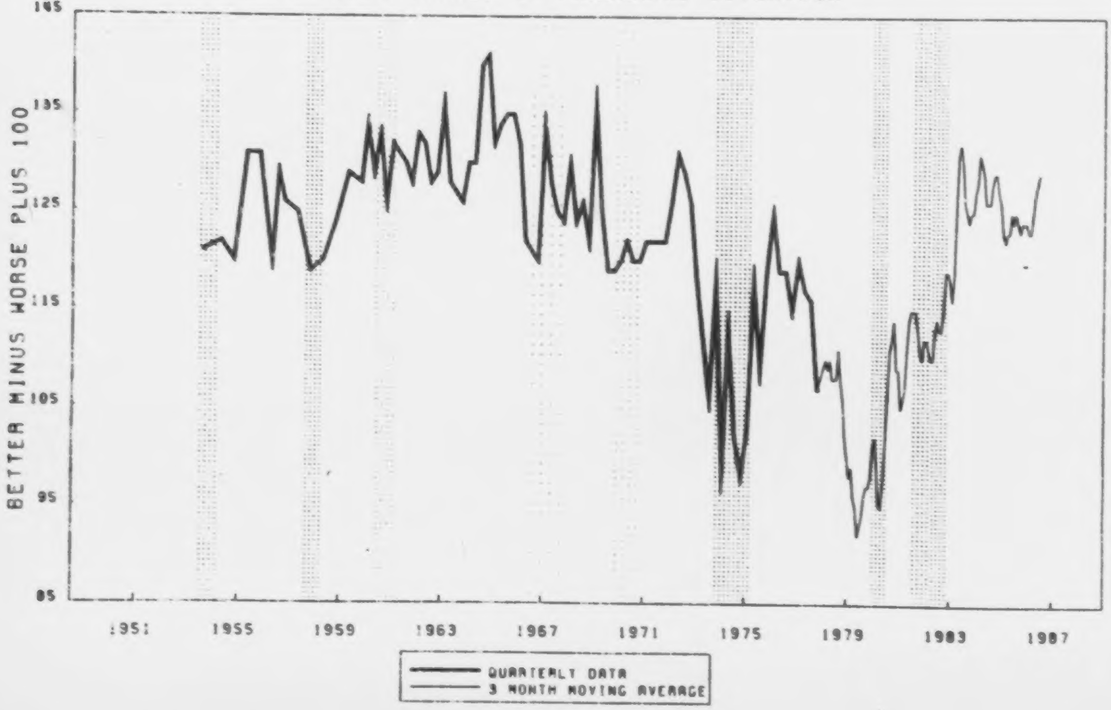


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
BETTER OFF	35%	36%	35%	33%	36%	33%	35%	35%	37%	38%	40%	38%	38%
SAME	51	48	50	54	48	55	50	50	47	49	47	49	52
WORSE OFF	11	13	11	10	12	9	12	12	13	10	11	11	8
DK,NA	3	3	4	3	4	3	3	3	3	3	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

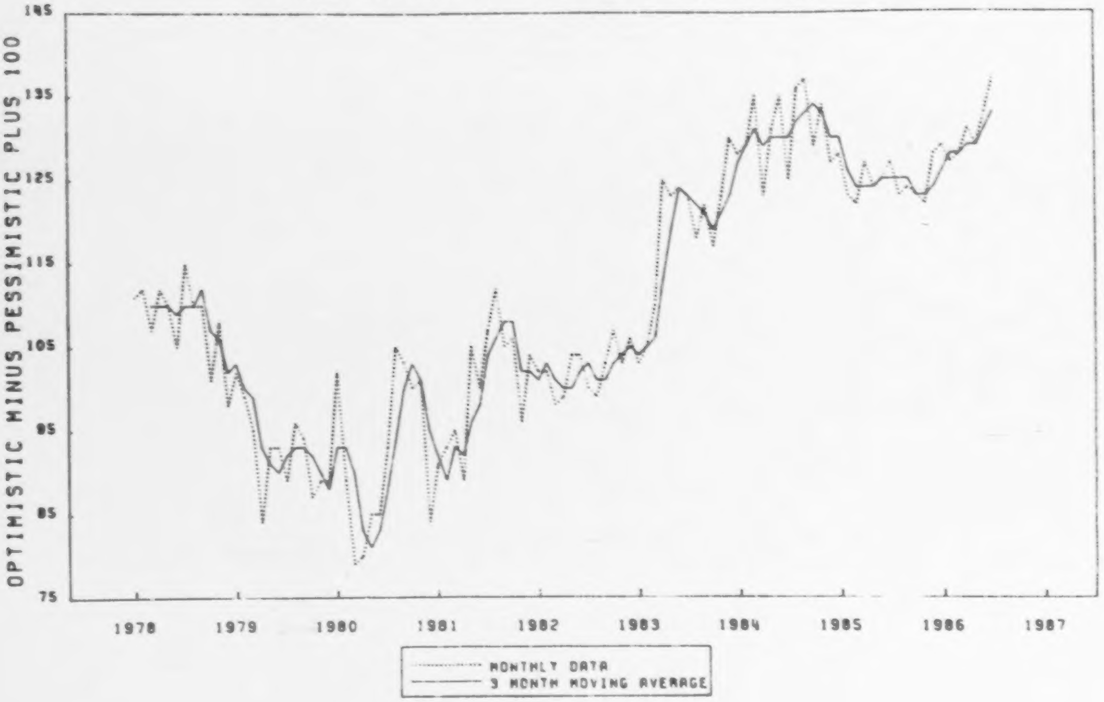


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

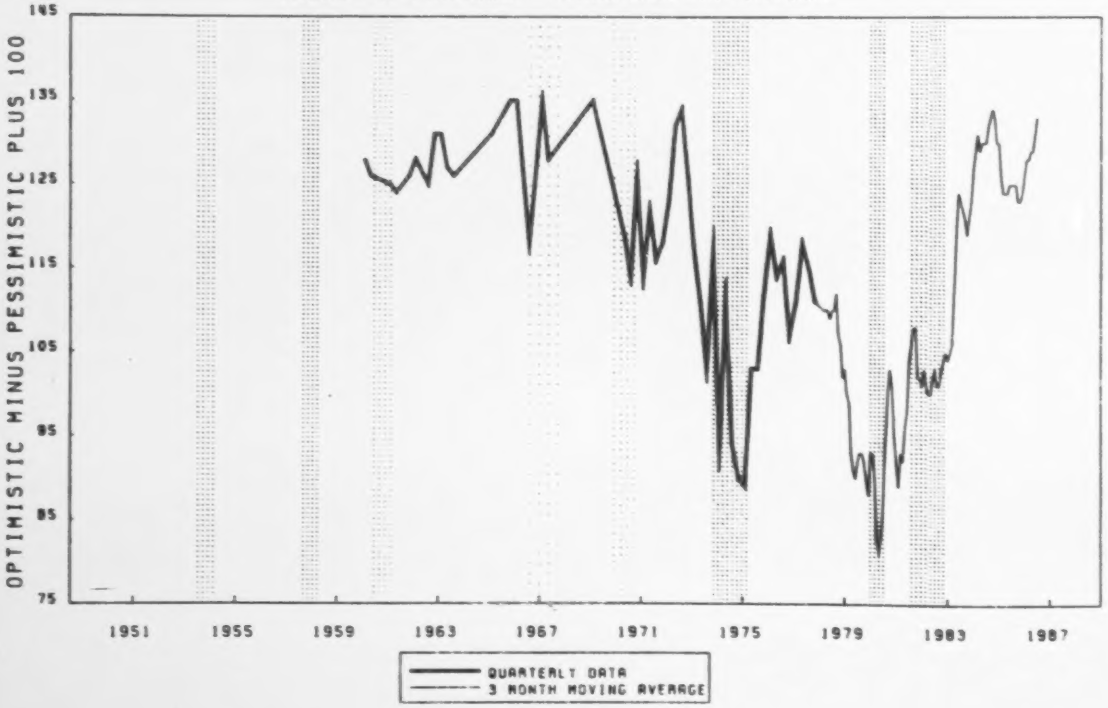


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	19%	22%	18%	19%	20%	21%	20%	22%	23%	22%	22%	23%
Intermittant increase (b)	26	25	24	26	25	29	29	29	27	28	26	29	29
Remain unchanged (c)	21	19	18	23	20	18	18	16	18	16	19	18	19
Intermittant decline (d)	13	14	15	15	17	17	16	16	14	16	15	14	12
Continuous decline (e)	6	7	7	6	5	4	5	6	7	4	4	4	3
Mixed change (f)	10	12	9	9	10	10	9	11	9	10	11	11	11
DK,NA	4	4	5	3	4	2	2	2	3	3	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

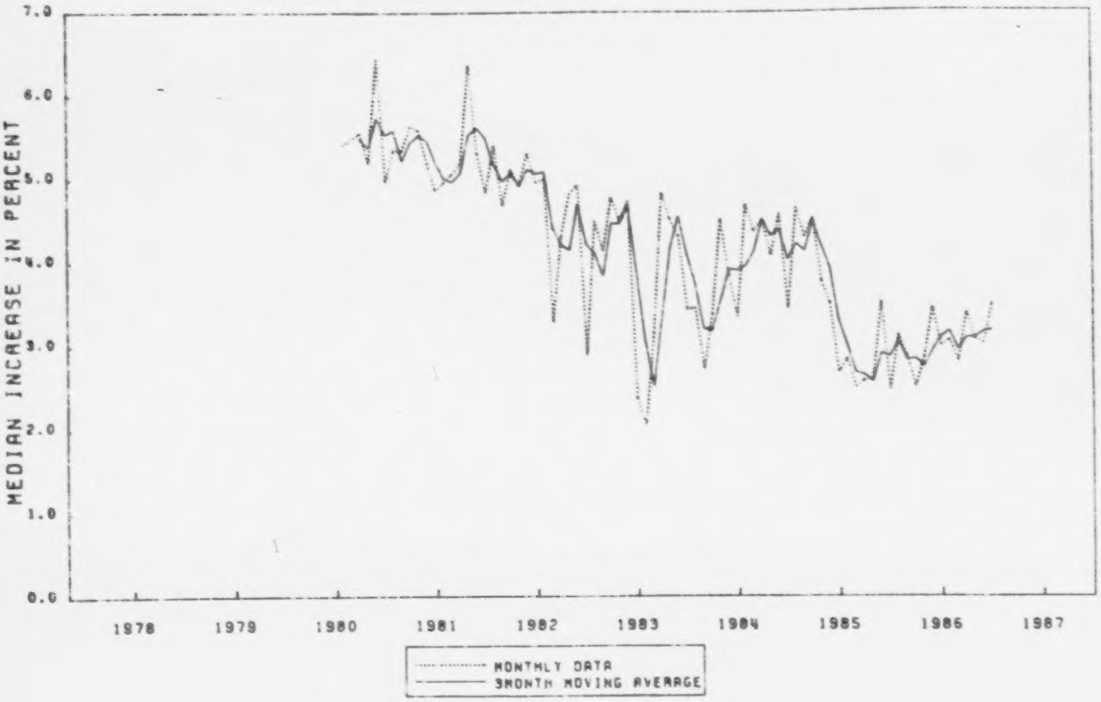


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

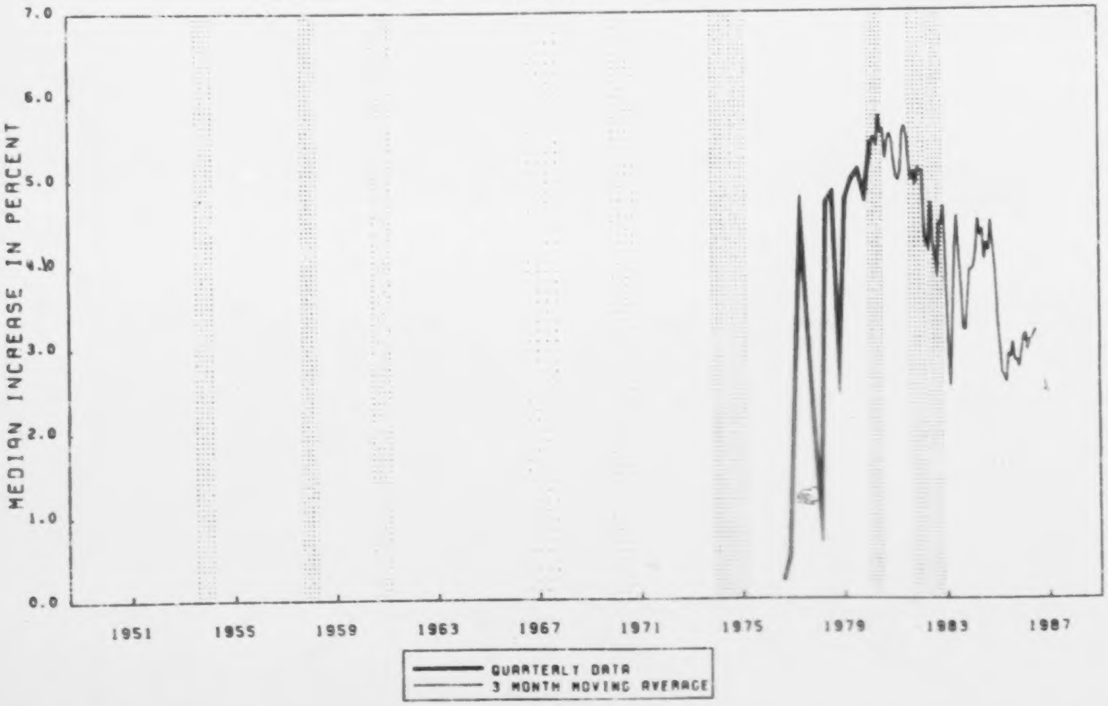


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
EXPECT INCREASE:													
1-4%	13%	13%	13%	13%	17%	14%	11%	17%	16%	13%	16%	15%	15%
5%	11	10	9	7	9	11	12	10	10	9	9	11	12
6-9%	7	8	8	8	8	8	7	8	6	8	10	8	8
10-24%	14	18	14	17	14	17	16	16	14	19	15	15	17
25% or more	6	5	8	6	6	6	7	6	7	7	6	7	8
DK how much up	3	3	4	5	4	5	4	3	4	3	3	3	4
EXPECT SAME	28	29	28	29	26	25	28	27	27	25	25	25	22
EXPECT DOWN	16	12	13	14	14	12	14	12	15	15	14	14	14
DK,NA	2	2	3	1	2	2	1	1	1	1	2	2	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

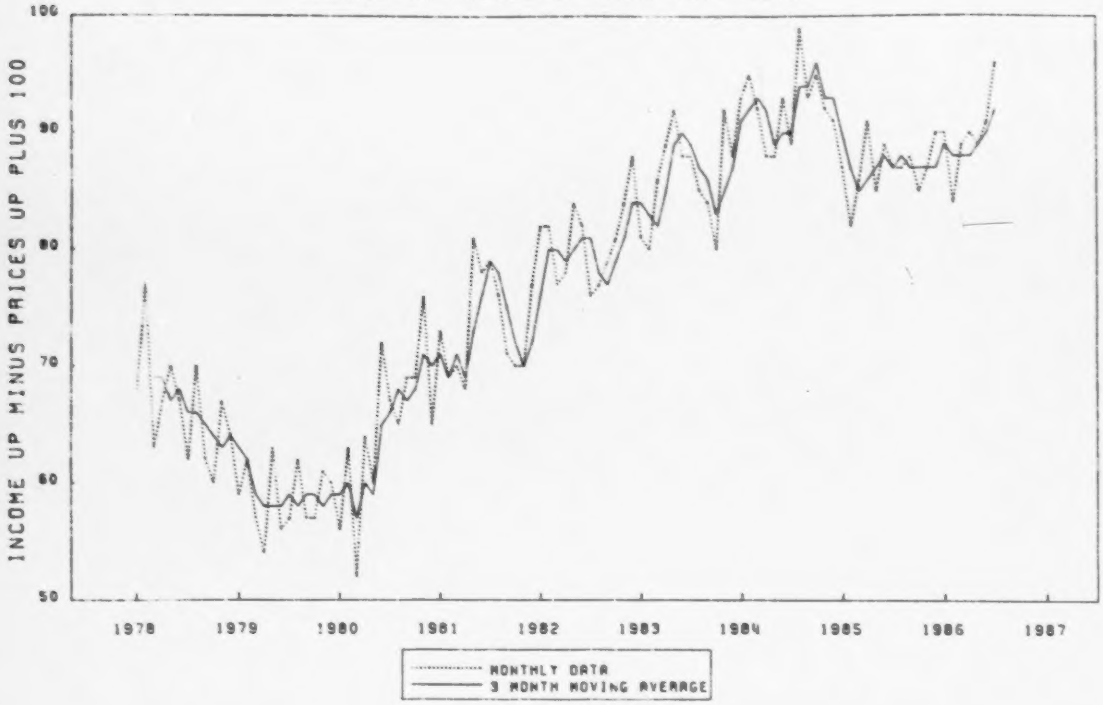


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

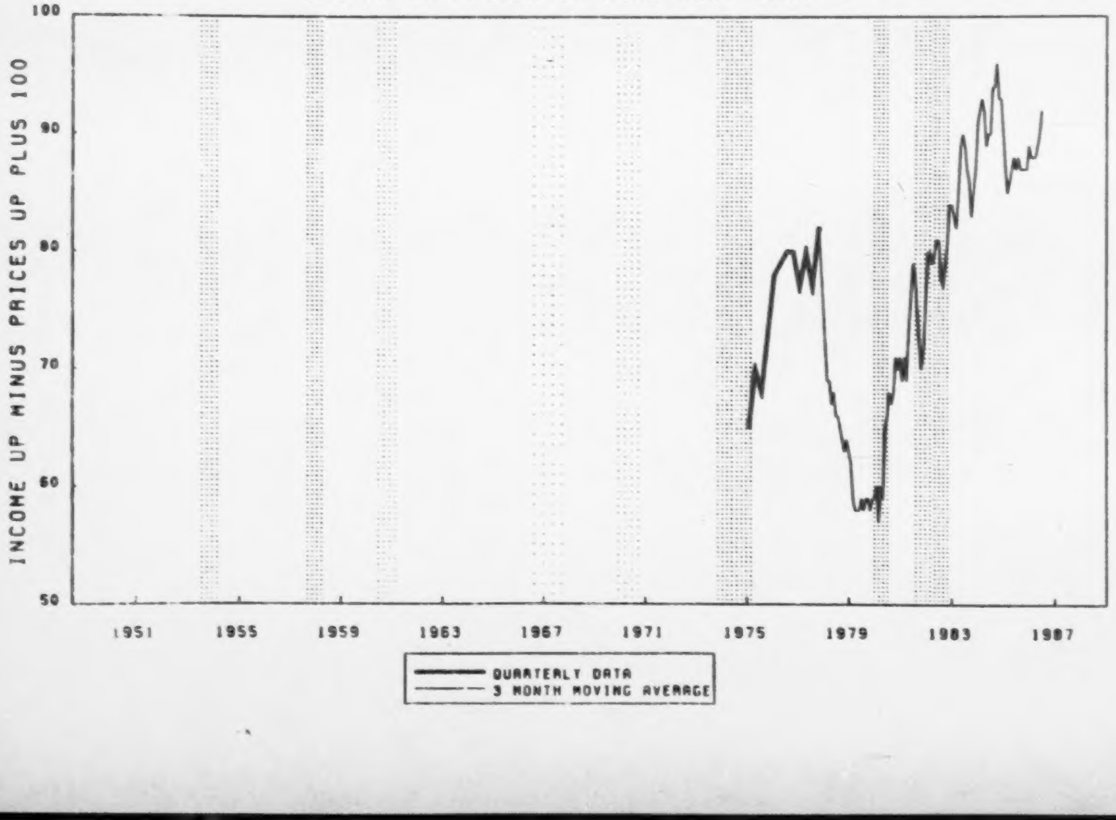


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
INCOME UP MORE	19%	22%	22%	20%	20%	23%	21%	19%	21%	21%	21%	23%	24%
INCOME UP SAME	47	40	42	43	43	42	47	43	44	45	44	43	47
PRICES UP MORE	32	35	34	35	33	33	31	35	32	31	32	32	28
DK,NA	2	3	2	2	4	2	1	3	3	3	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

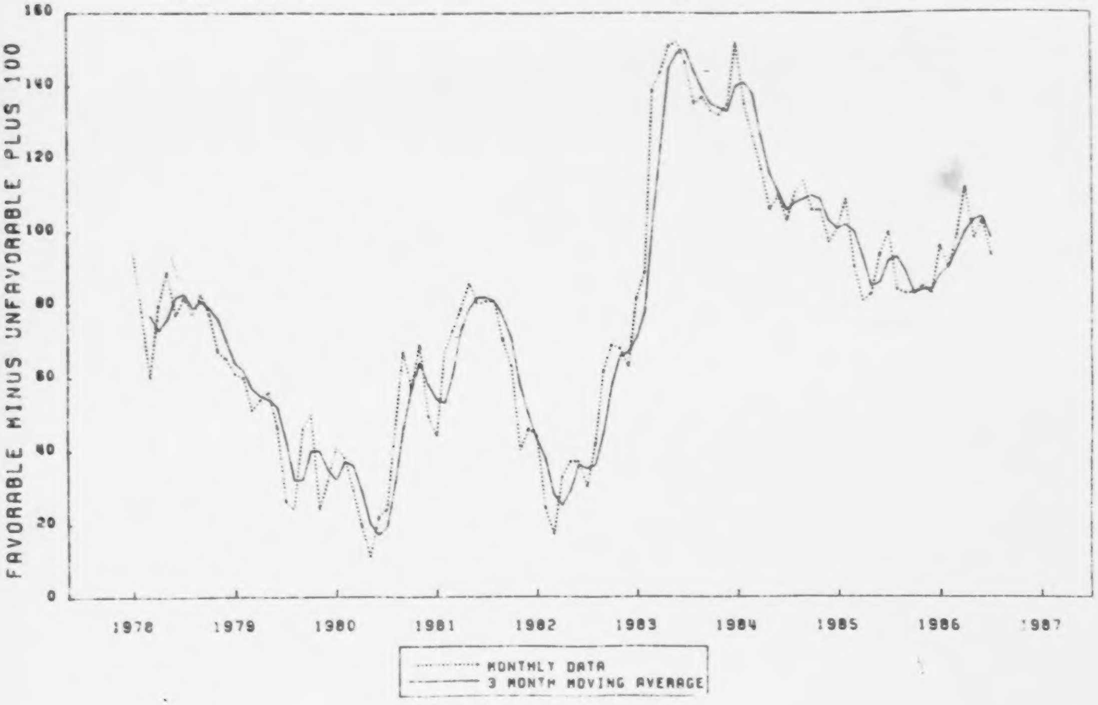


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

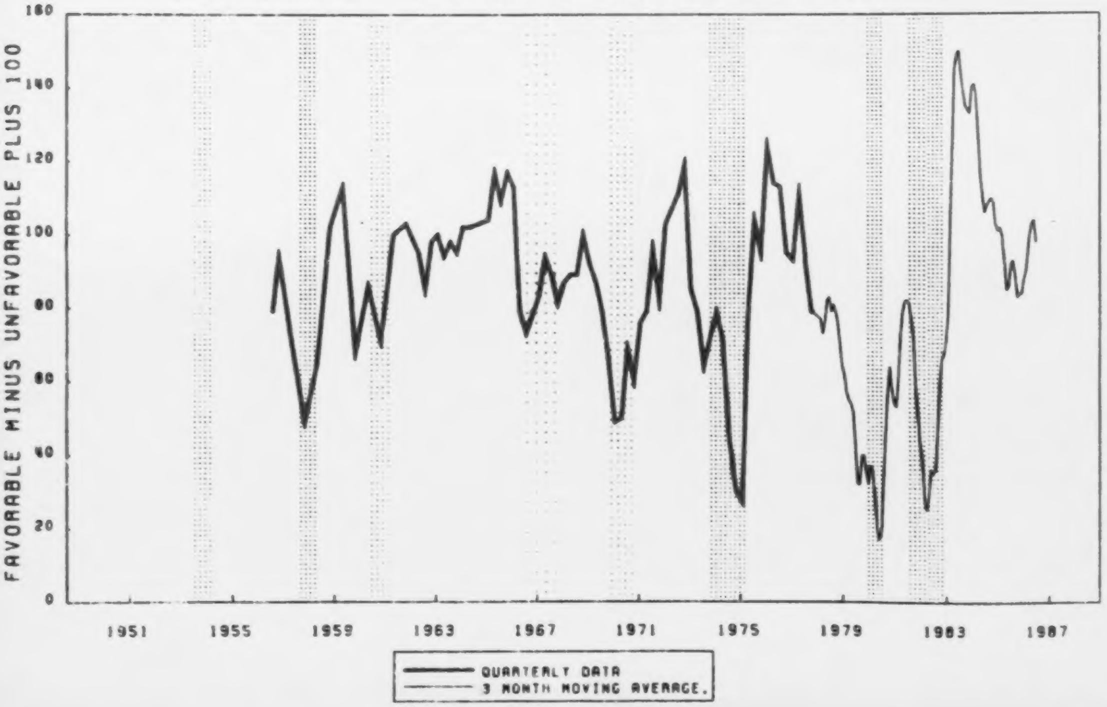


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
FAVORABLE NEWS	40%	30%	31%	28%	32%	33%	37%	34%	46%	55%	42%	42%	37%
UNFAVORABLE NEWS	40	46	48	45	47	50	41	44	47	43	44	39	44
NO MENTIONS	46	49	47	52	47	47	47	46	43	38	44	46	45

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

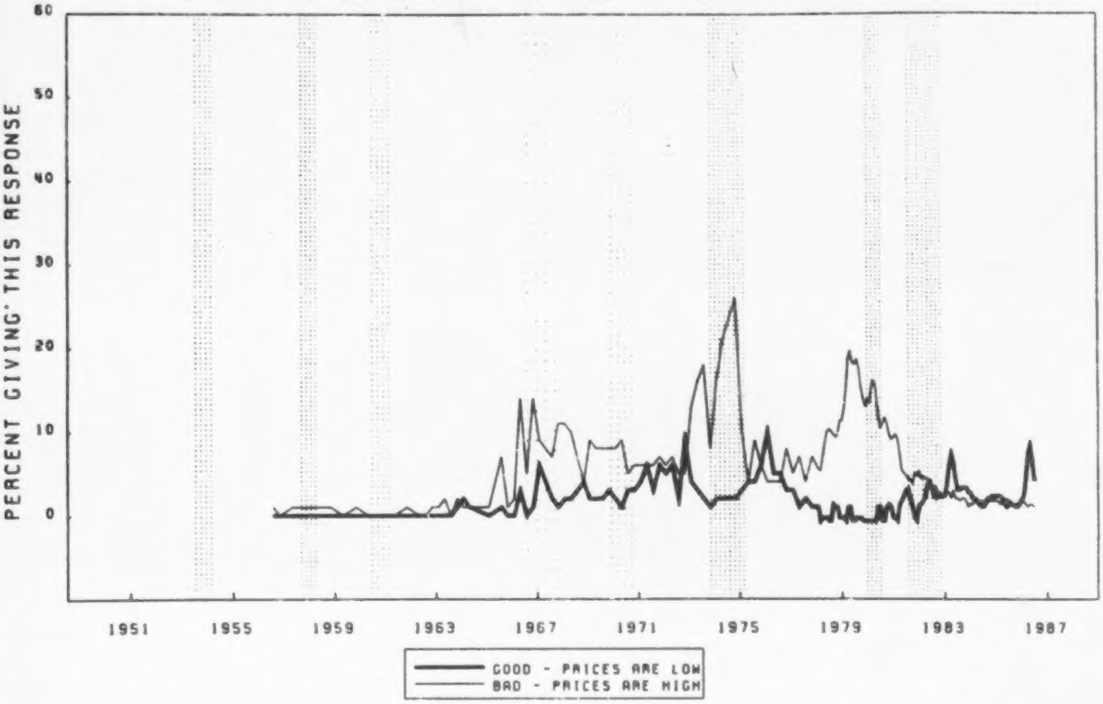


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

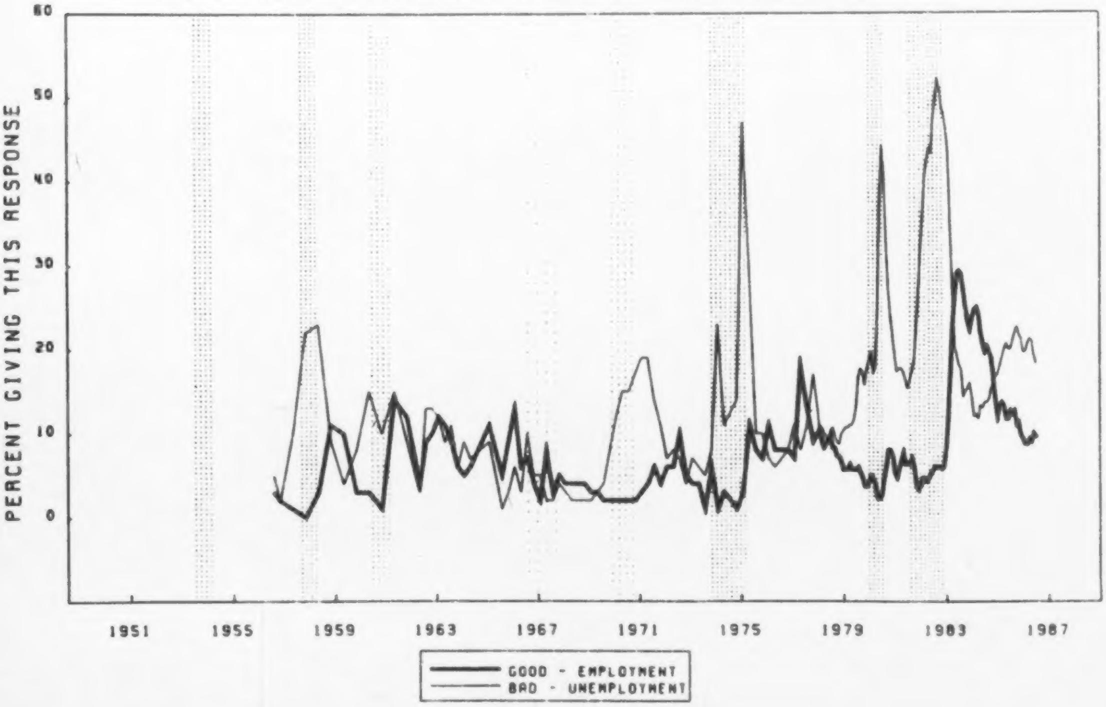


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
FAVORABLE NEWS:													
Government; elections	2%	1%	1%	1%	3%	2%	2%	2%	*	1%	2%	3%	3%
Employment	14	11	13	9	12	8	8	10	8	10	9	11	9
Higher consumer demand	3	2	4	3	3	3	3	1	3	3	2	2	1
Lower prices	2	1	1	1	1	2	2	3	8	11	6	3	4
Easier credit	10	8	6	4	6	7	9	8	15	17	11	9	11
UNFAVORABLE NEWS:													
Government; elections	4	4	5	5	4	5	5	3	3	3	3	4	5
Unemployment	21	24	21	23	21	20	18	21	23	20	20	18	19
Lower consumer demand	2	3	2	1	2	5	3	1	2	2	3	2	1
Higher prices	1	2	1	1	2	2	2	1	1	1	2	1	*
Tighter credit	1	1	1	1	2	2	1	*	*	1	1	2	1
Energy crisis	*	*	*	*	*	*	*	*	*	*	1	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

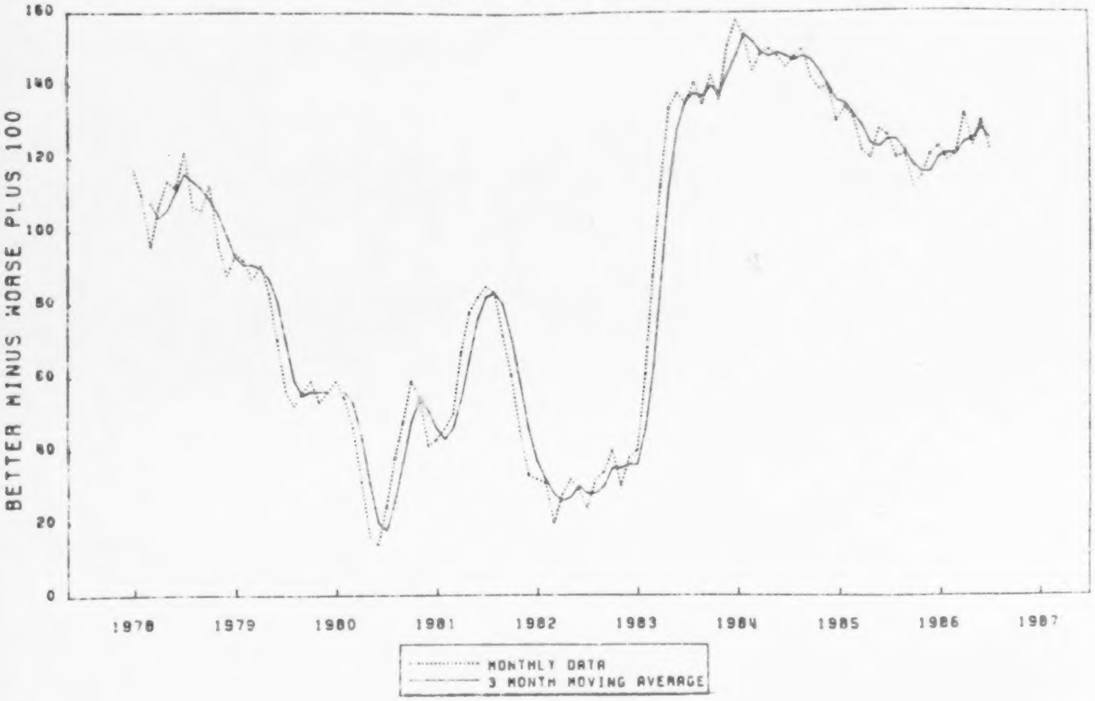


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

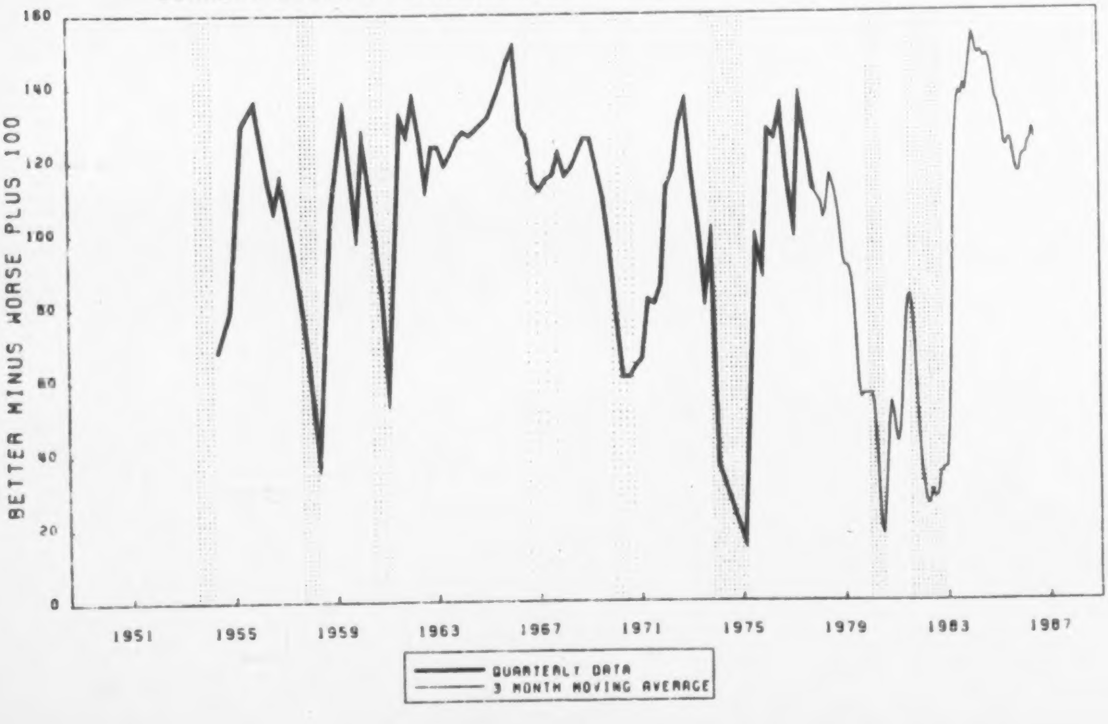


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
BETTER NOW	56%	51%	52%	47%	50%	52%	52%	51%	53%	61%	54%	60%	53%
SAME	13	16	14	16	12	16	17	15	13	9	13	8	14
WORSE NOW	30	31	31	35	35	31	29	32	32	29	31	30	31
DK,NA	1	2	3	2	3	1	2	2	2	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

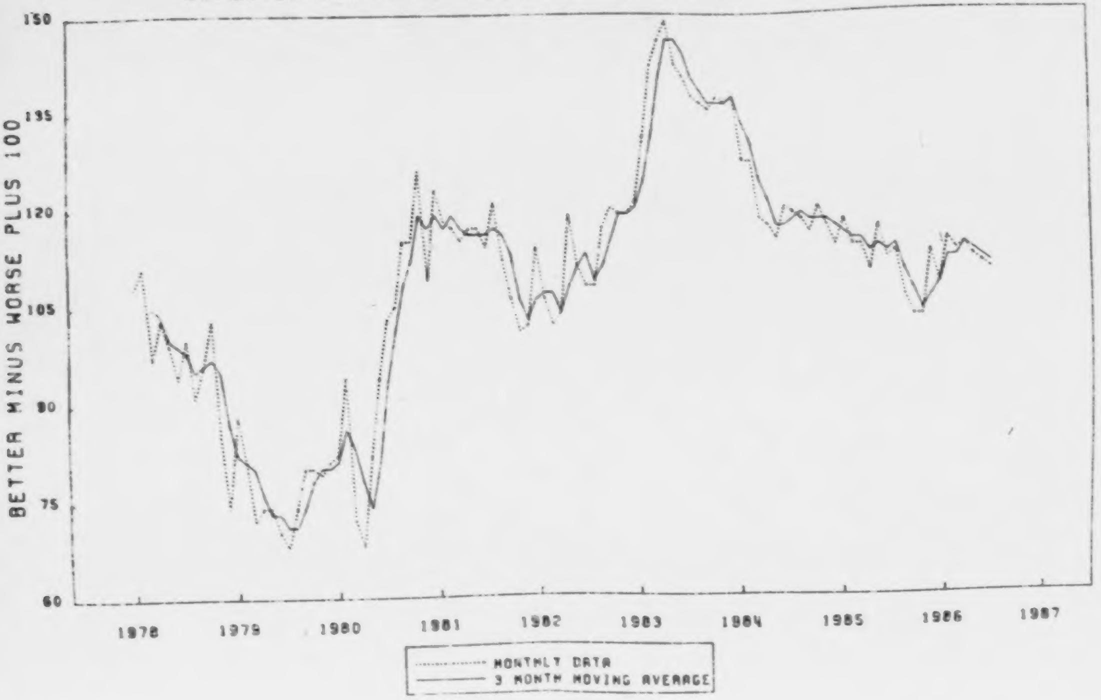


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

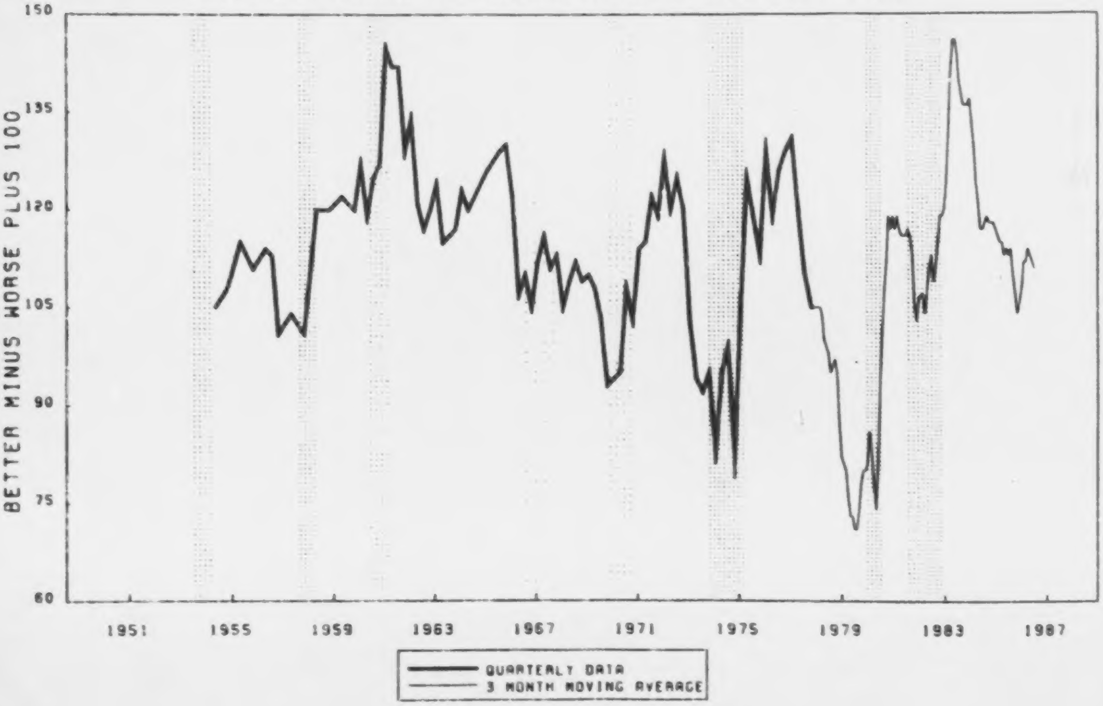


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
BETTER	26%	27%	23%	23%	21%	27%	24%	27%	29%	29%	26%	25%	24%
SAME	57	57	58	54	59	58	58	59	53	55	57	60	60
WORSE	14	14	17	20	18	14	16	12	16	15	14	14	14
DK,NA	3	2	2	3	2	1	2	2	2	1	3	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

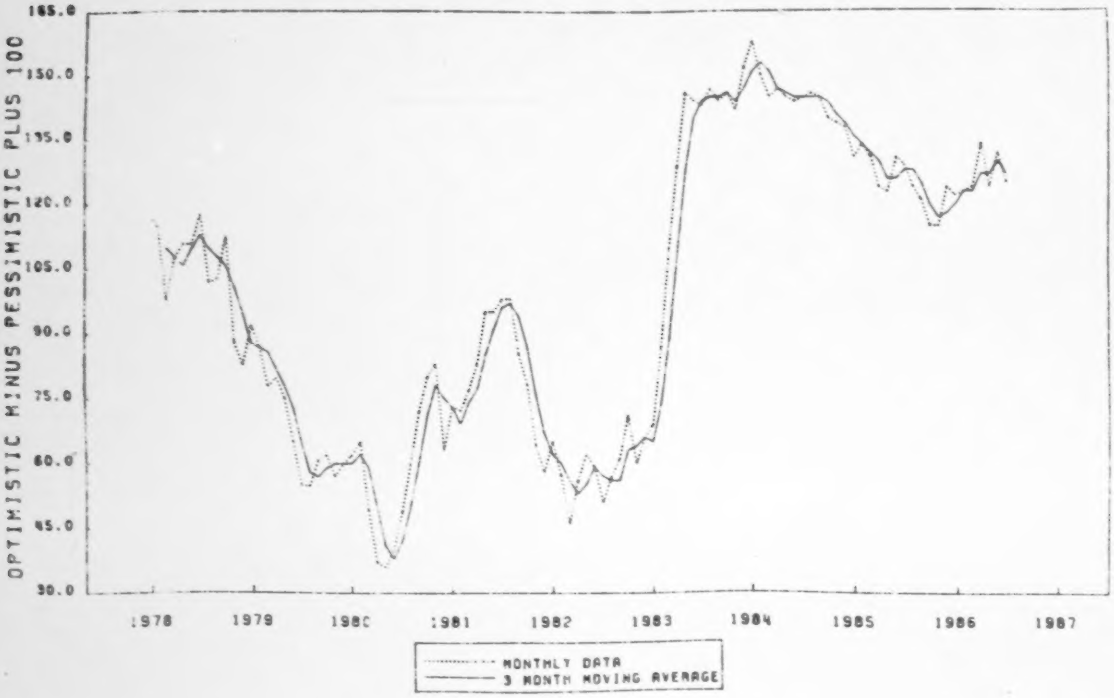


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

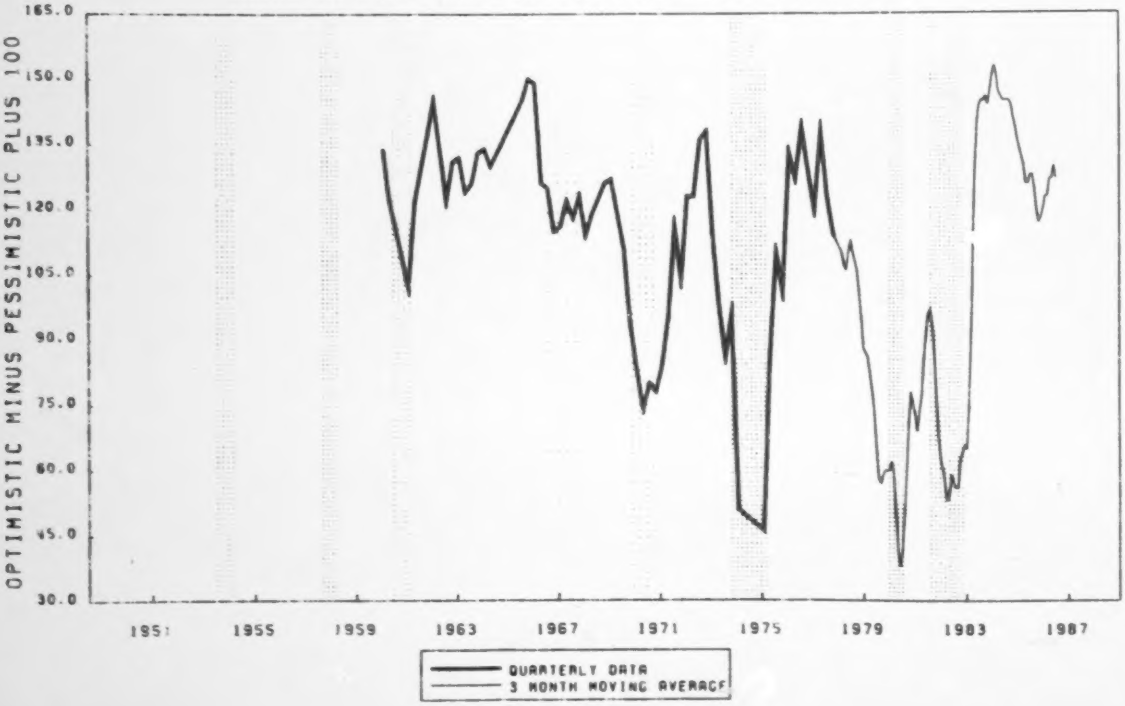


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
TREND:													
Continuous increase (a)	19%	19%	16%	16%	14%	19%	16%	19%	20%	23%	19%	18%	16%
Intermittant increase (b)	36	33	34	31	34	33	33	33	32	35	33	41	36
Remain unchanged (c)	9	10	9	10	8	10	11	10	7	7	8	5	10
Intermittant decline (d)	16	18	19	18	21	19	19	20	18	14	20	17	18
Continuous decline (e)	10	10	10	14	12	9	8	9	10	10	8	10	9
Mixed change (f)	6	7	8	7	7	7	10	6	10	8	9	7	8
DK,NA	4	3	4	4	4	3	3	3	3	3	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

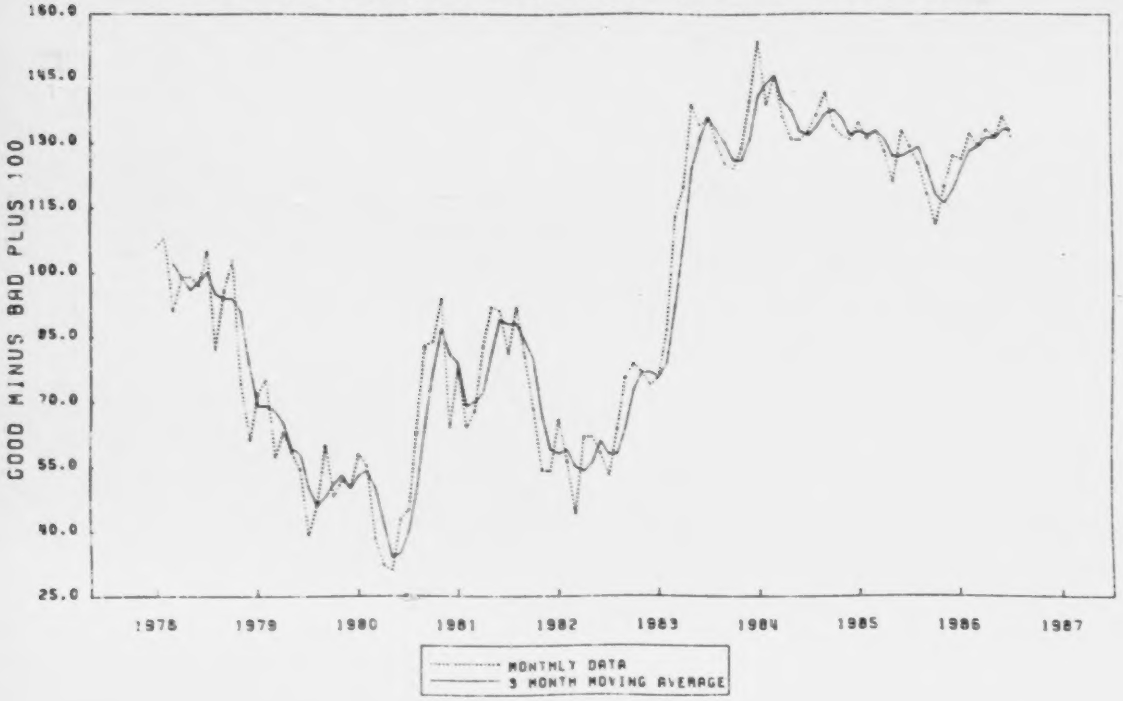


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

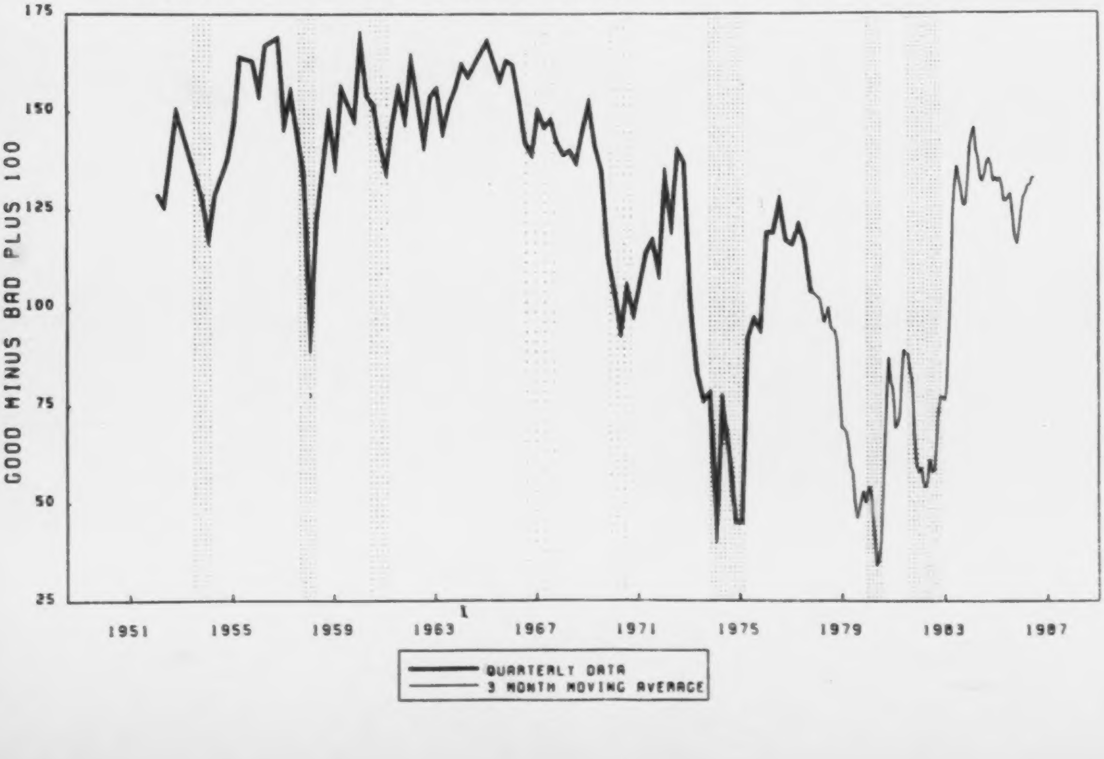


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIMES	58%	57%	52%	49%	53%	57%	58%	61%	58%	61%	60%	62%	61%
UNCERTAIN; GOOD & BAD	3	4	4	3	4	4	3	2	3	2	2	2	3
BAD TIMES	29	32	34	38	33	30	32	29	29	28	29	26	30
DON'T KNOW	7	4	8	5	6	7	5	4	7	6	5	6	4
NOT ASCERTAINED	3	3	2	5	4	2	2	4	3	3	4	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

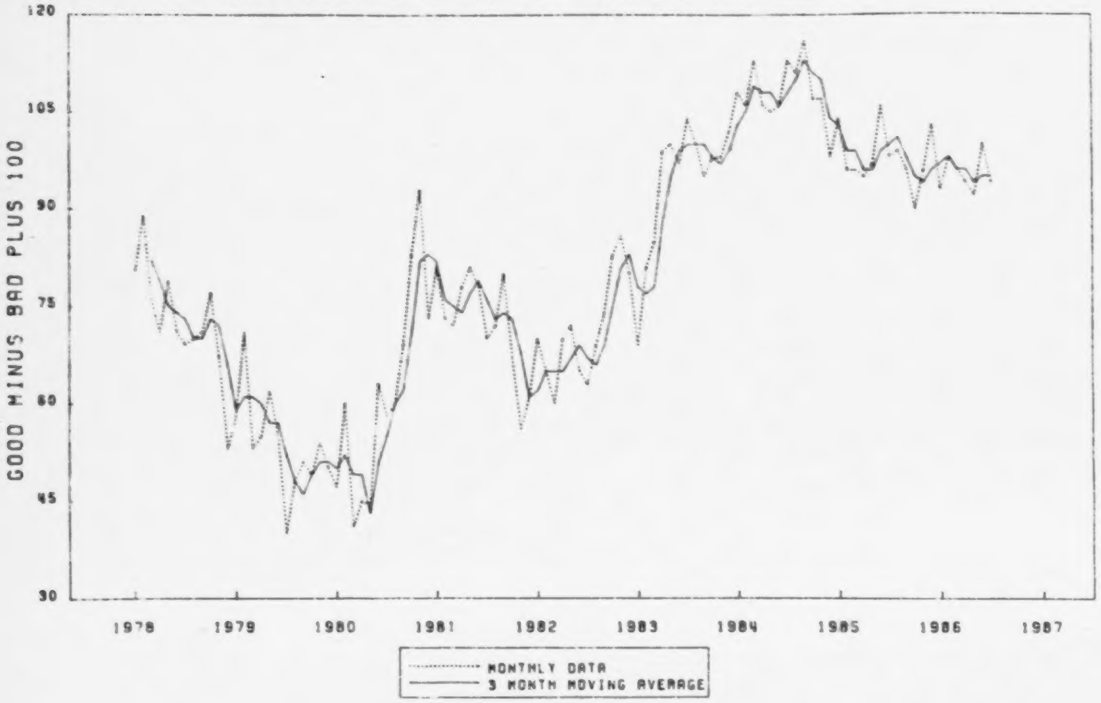


CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

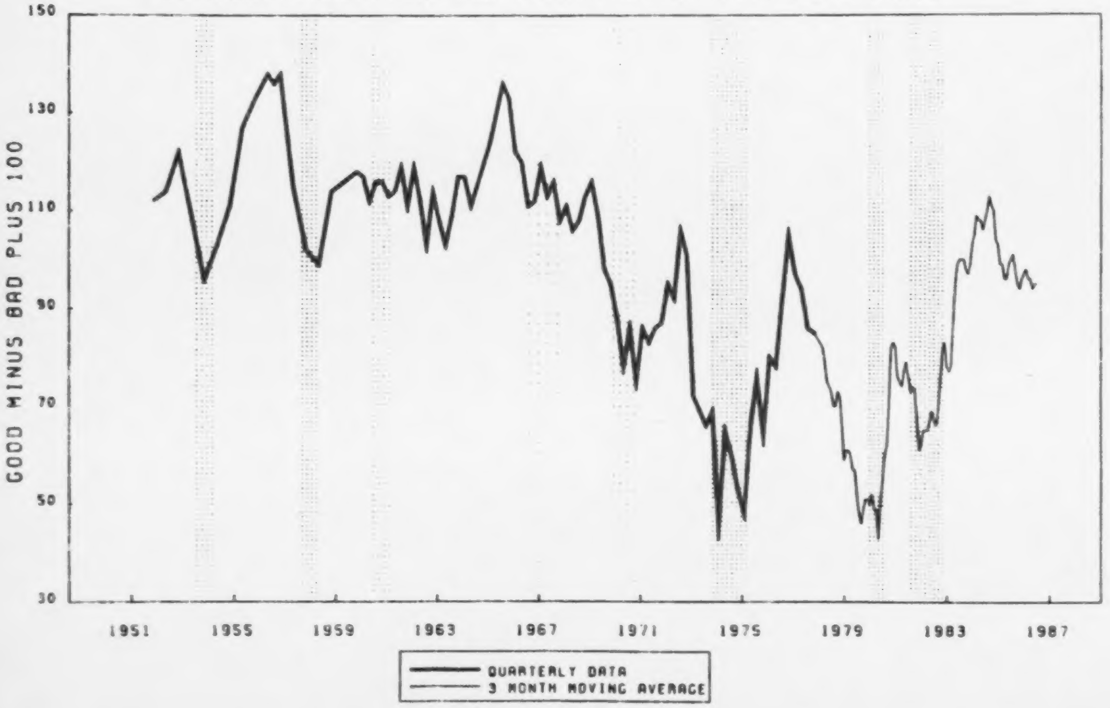


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIMES	41%	41%	38%	35%	38%	40%	39%	42%	39%	36%	37%	40%	38%
UNCERTAIN; GOOD & BAD	13	14	16	15	14	17	12	11	13	18	14	14	13
BAD TIMES	43	42	42	45	42	37	46	44	43	42	45	40	44
NOT ASCERTAINED	3	3	4	5	6	6	3	3	5	4	4	6	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

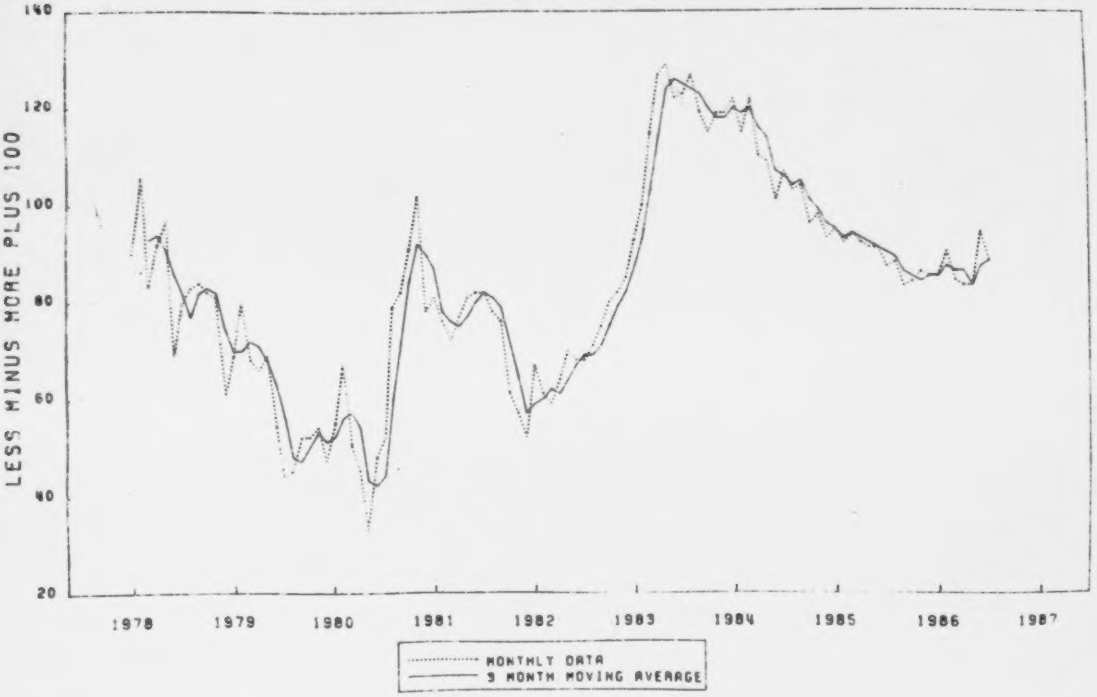


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

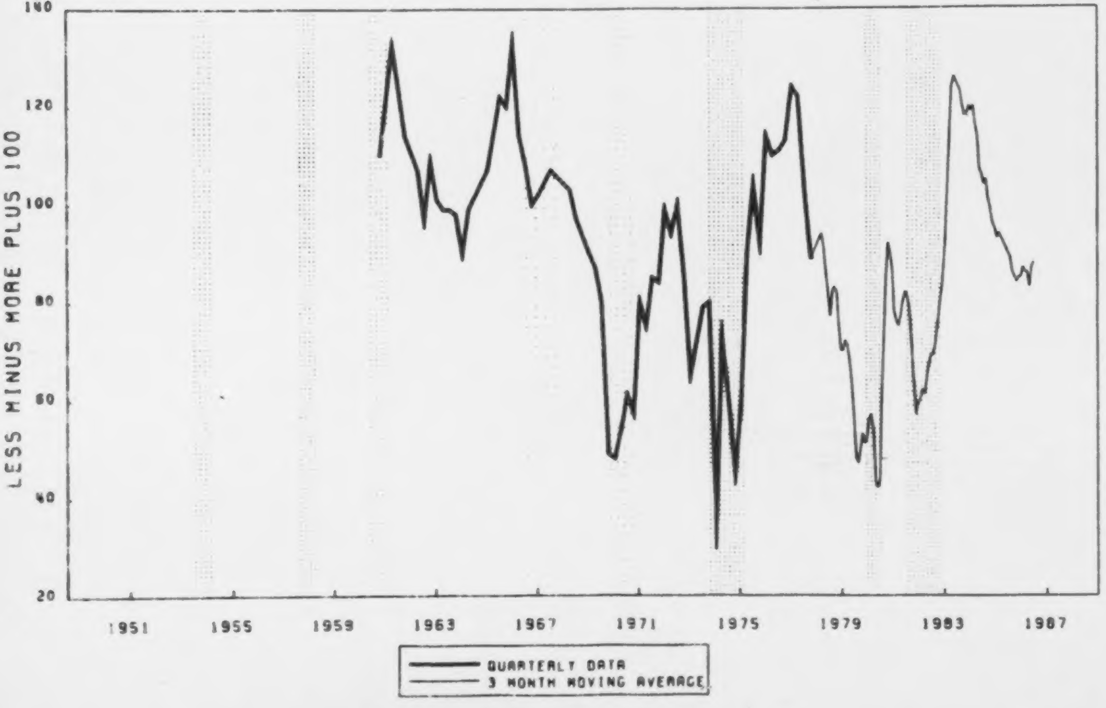


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
LESS	14%	17%	14%	16%	15%	15%	15%	19%	17%	15%	14%	20%	15%
SAME	58	52	53	51	54	54	54	51	48	51	54	53	56
MORE	27	29	31	32	29	30	30	29	33	32	31	26	27
DK,NA	1	2	2	1	2	1	1	1	2	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

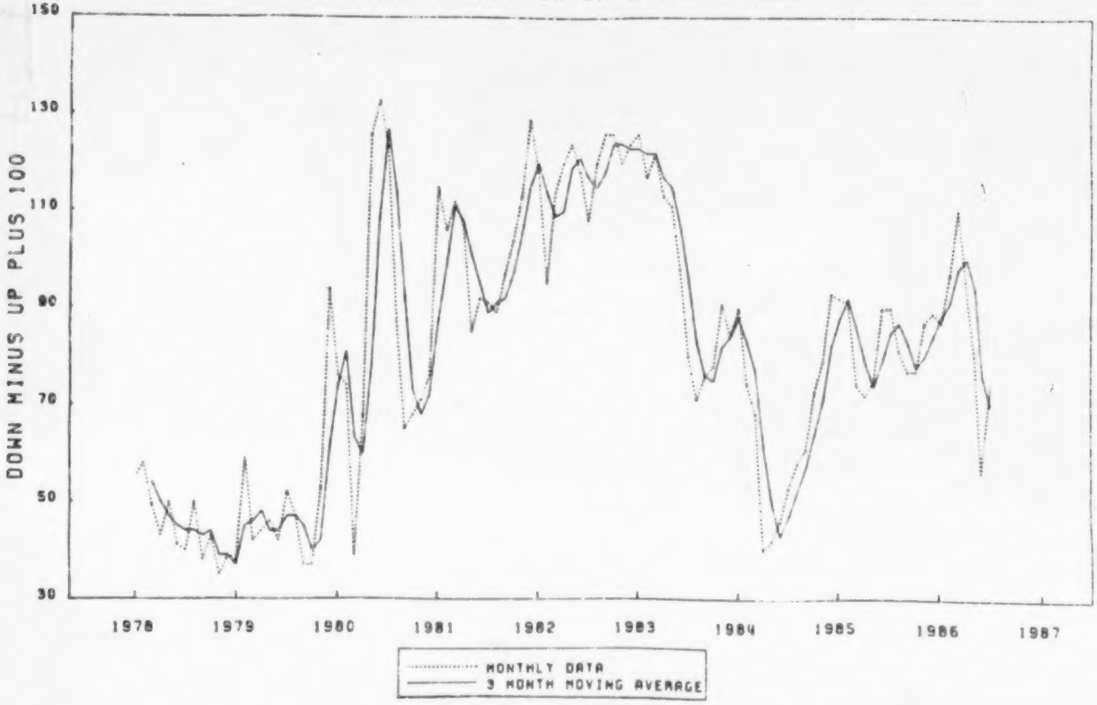


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

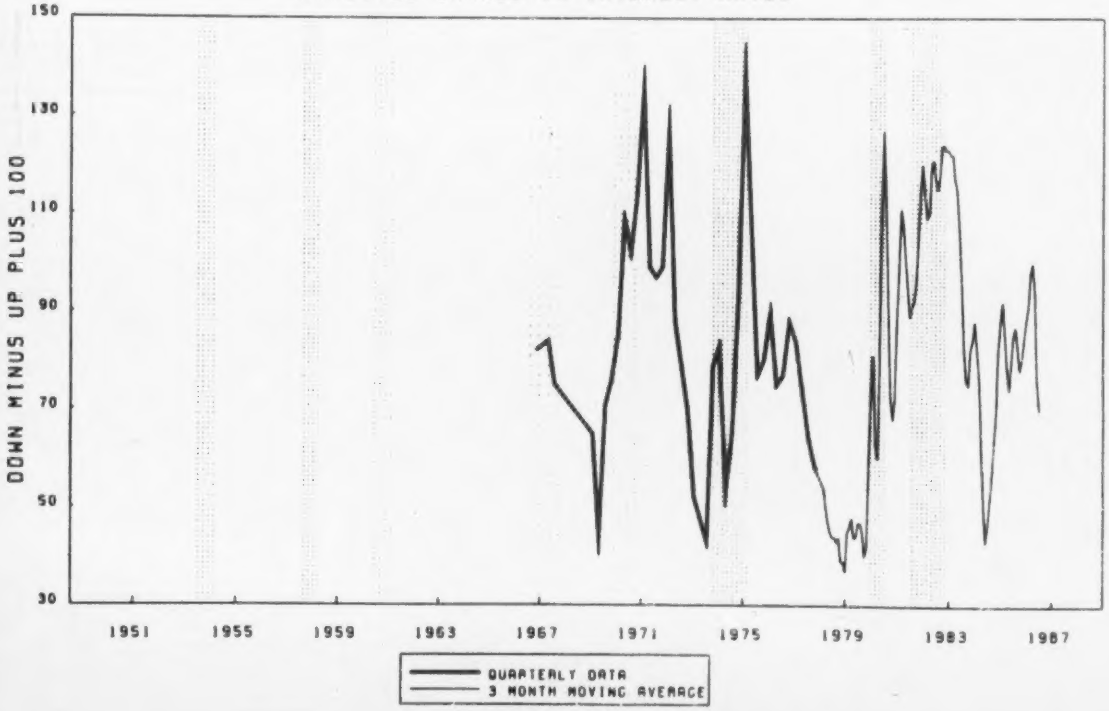


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GO UP	35%	41%	43%	44%	36%	36%	38%	30%	26%	35%	41%	54%	45%
STAY THE SAME	38	35	34	33	37	37	34	40	35	34	35	34	35
GO DOWN	25	22	20	21	23	25	25	27	36	28	21	10	19
DK,NA	2	2	3	2	4	2	3	3	3	3	3	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

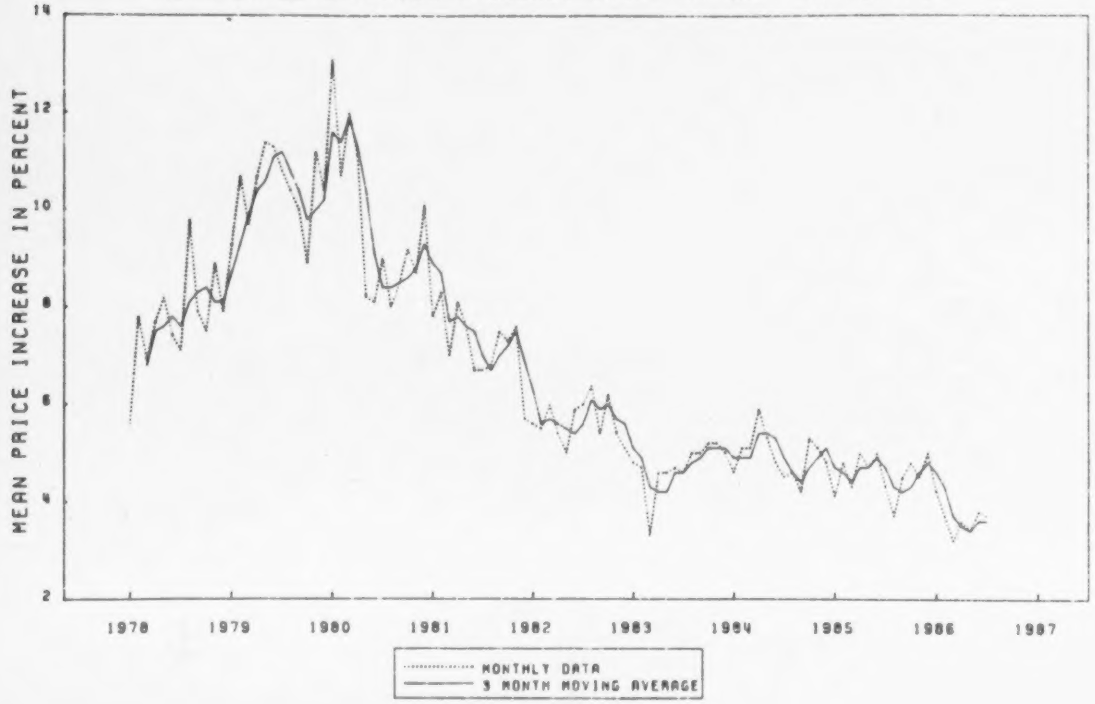


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

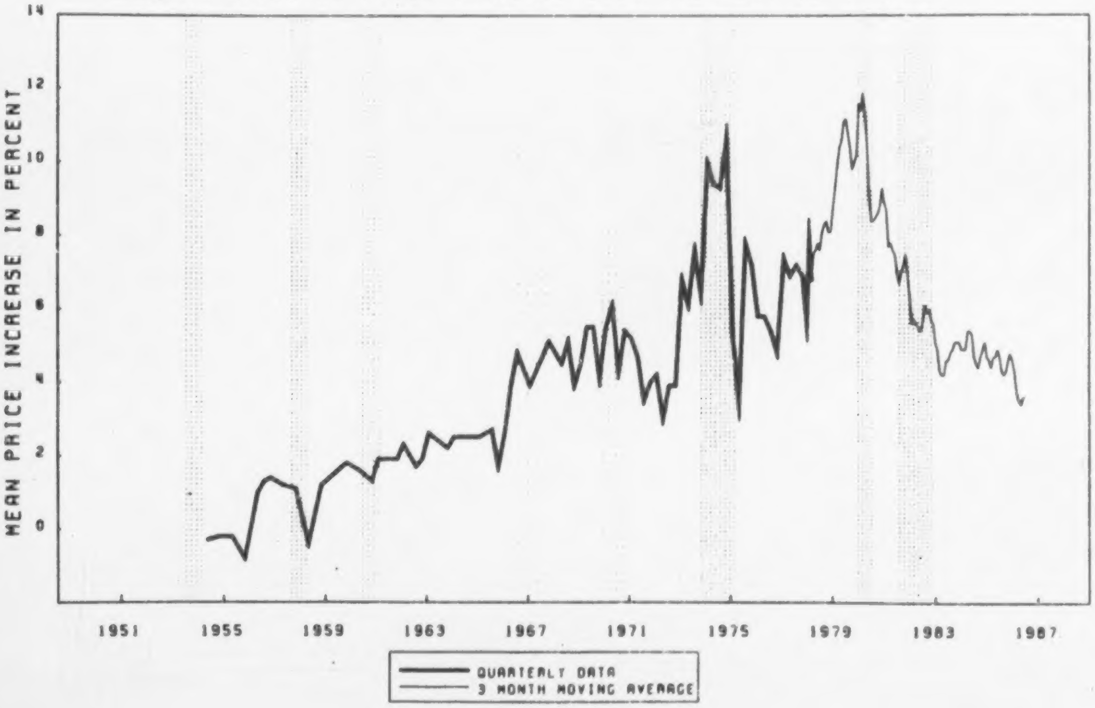


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
SAME OR DOWN	24%	26%	26%	23%	25%	21%	24%	28%	36%	35%	31%	22%	29%
WILL GO UP BY:													
1-2%	19	18	18	13	14	11	16	16	13	15	13	20	13
3-4%	20	21	17	21	20	22	24	19	16	18	22	20	23
5%	14	16	14	15	16	18	14	17	15	11	14	16	16
6-9%	8	6	6	6	6	6	6	6	4	5	5	6	5
10-14%	6	6	9	12	9	9	6	5	6	7	6	6	5
15% or more	4	4	5	5	5	7	5	3	3	4	3	4	4
DK how much up	4	2	3	4	3	5	4	4	6	4	4	5	4
DK,NA	1	1	2	1	2	1	1	2	1	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7
VARIANCE	49	21	46	41	42	43	47	38	39	42	27	23	32
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
SAME OR DOWN	24%	26%	26%	23%	25%	21%	24%	28%	36%	35%	31%	22%	29%
WILL GO UP BY:													
1-2%	19	18	18	13	14	11	16	16	13	15	13	20	13
3-4%	20	21	17	21	20	22	24	19	16	18	22	20	23
5%	14	16	14	15	16	18	14	17	15	11	14	16	16
6-9%	8	6	6	6	6	6	6	6	4	5	5	6	5
10-14%	6	6	9	12	9	9	6	5	6	7	6	6	5
15% or more	4	4	5	5	5	7	5	3	3	4	3	4	4
DK how much up	4	2	3	4	3	5	4	4	6	4	4	5	4
DK,NA	1	1	2	1	2	1	1	2	1	1	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.3	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7
VARIANCE	49	21	46	41	42	43	47	38	39	42	27	23	32
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

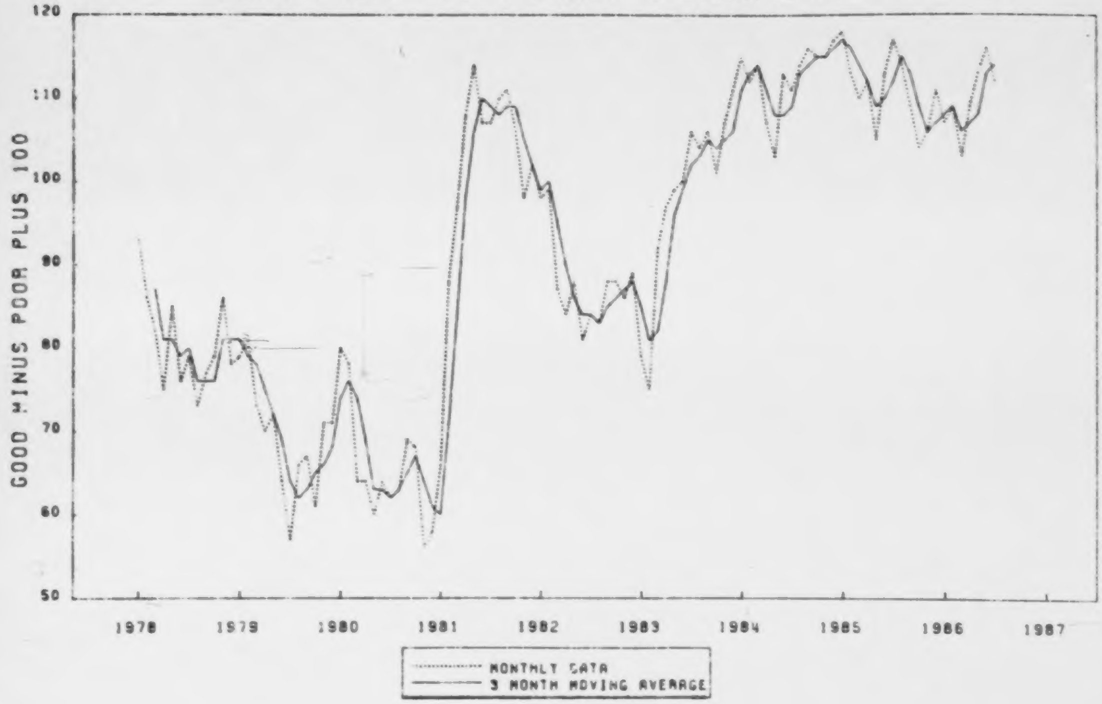


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

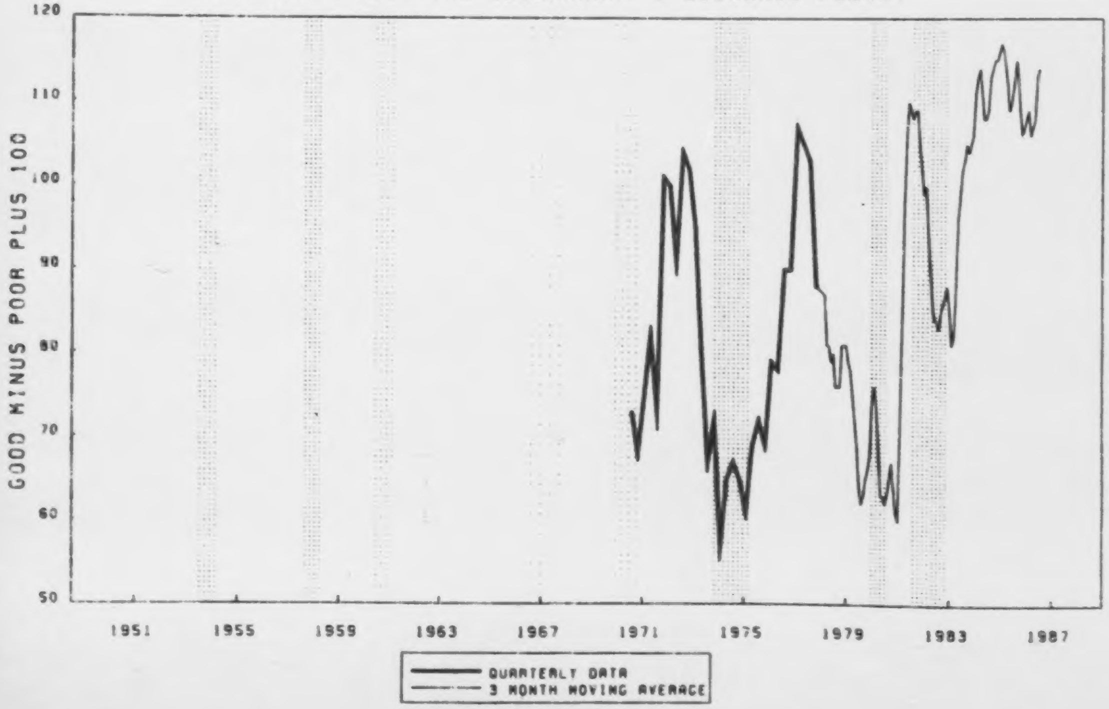


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
A GOOD JOB	31%	29%	29%	25%	28%	28%	27%	29%	25%	29%	30%	33%	29%
ONLY FAIR	52	53	49	50	48	53	52	48	51	50	49	49	52
A POOR JOB	14	15	20	21	22	17	20	20	22	20	17	17	17
DK, NA	3	3	2	4	2	2	1	3	2	1	4	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

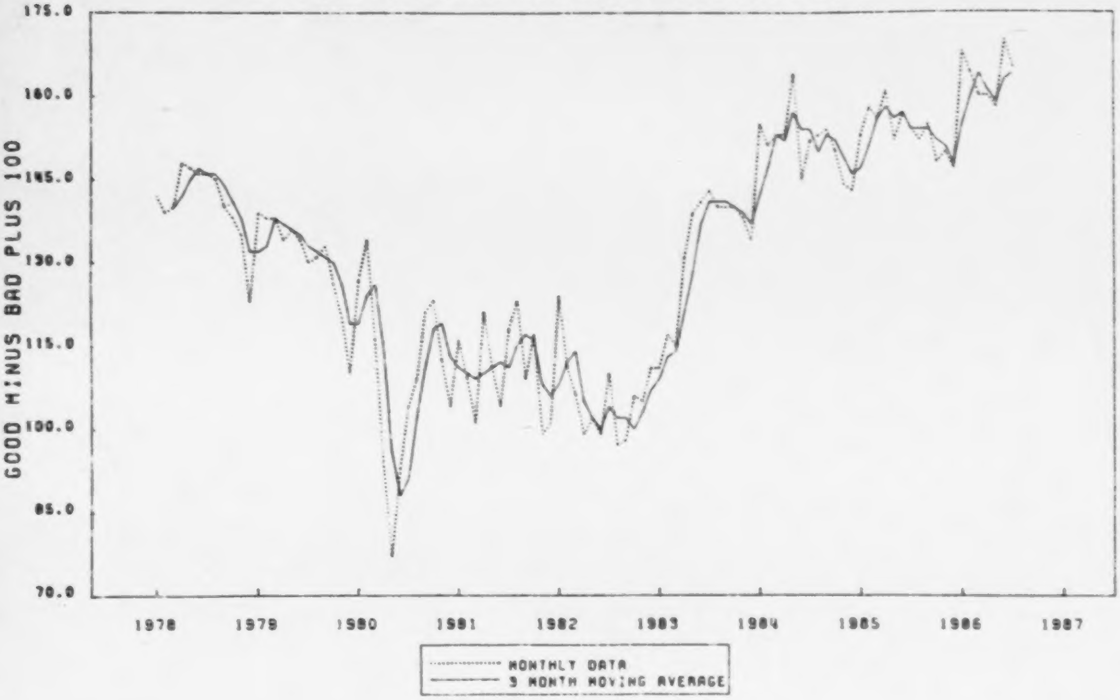


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

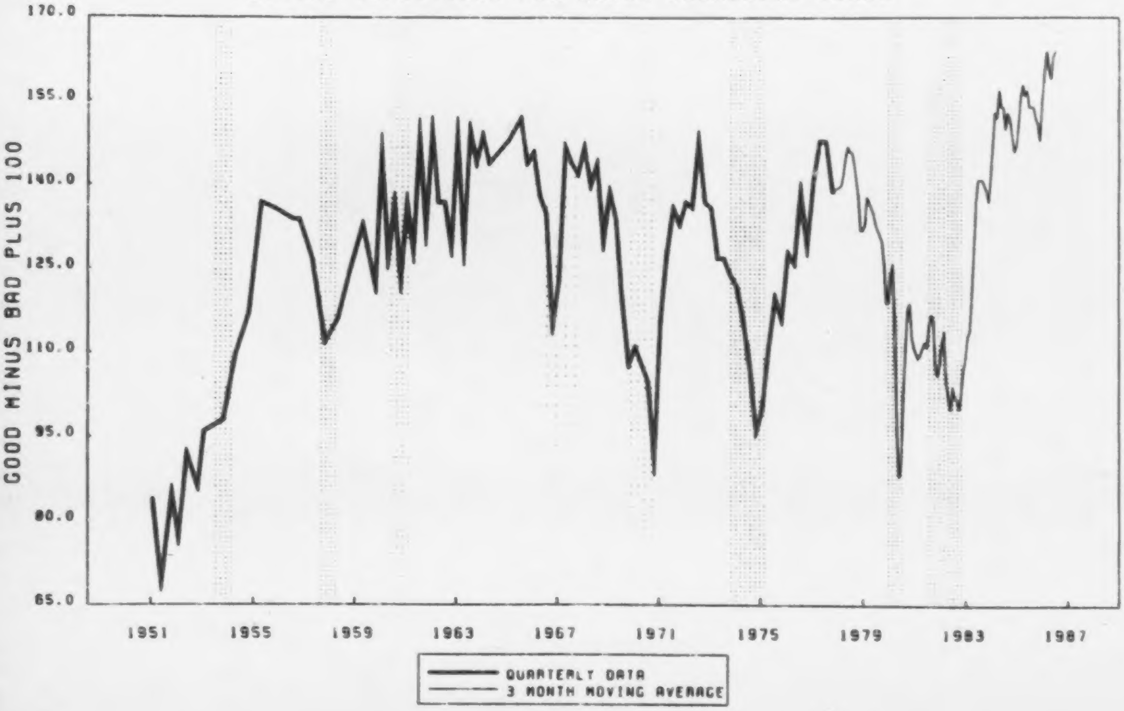


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY	74%	69%	73%	69%	70%	69%	80%	78%	75%	75%	75%	81%	79%
UNCERTAIN, DEPENDS	6	14	9	10	10	9	8	8	10	10	8	8	7
BAD TIME TO BUY	20	17	18	21	20	22	12	14	15	15	17	11	14
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

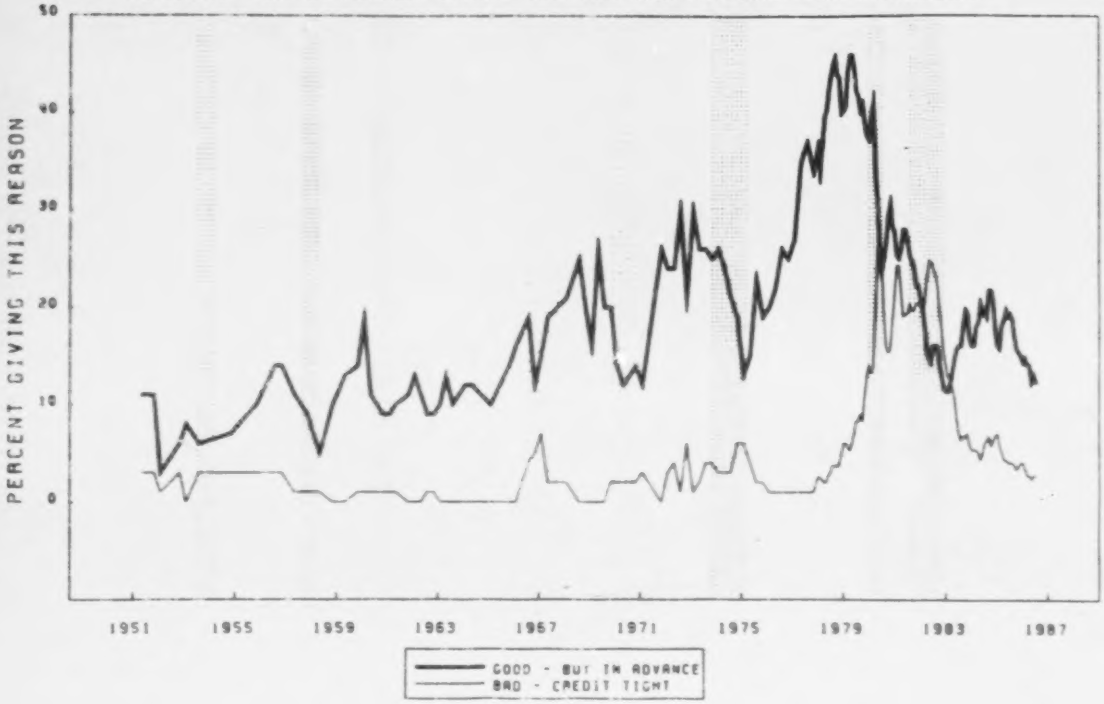


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

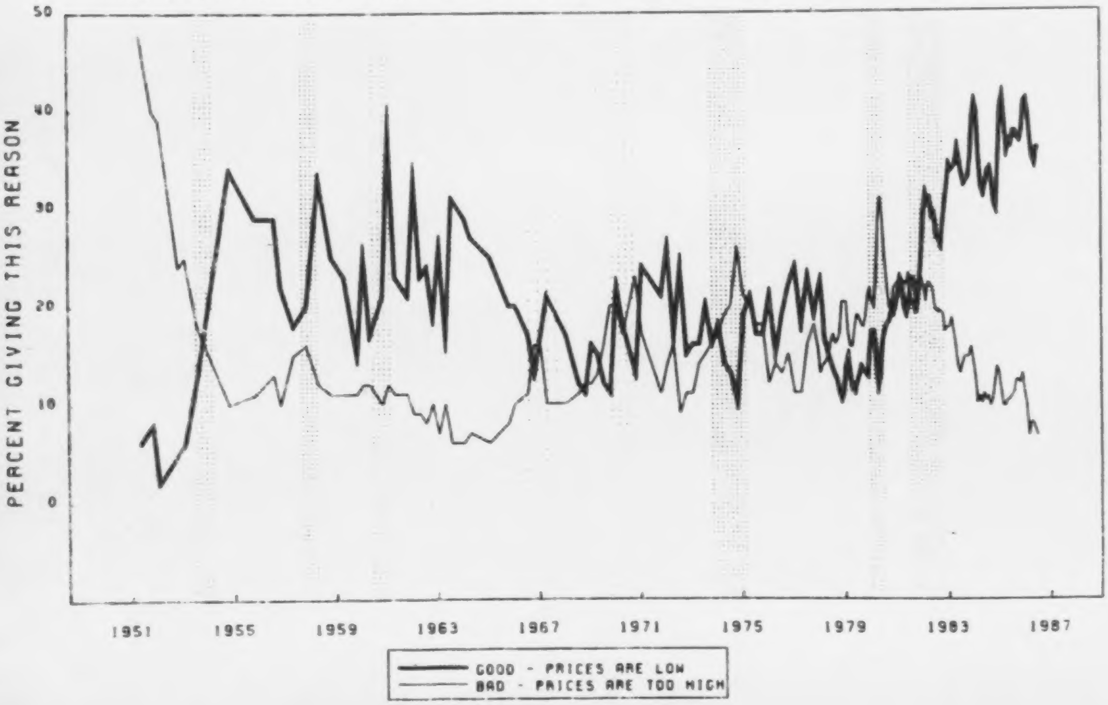


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	36%	38%	39%	34%	37%	42%	43%	38%	37%	35%	33%	35%	40%
Prices won't come down; are going higher	19	17	15	15	16	14	13	17	12	13	12	14	11
Interest rates low; credit is easy	14	15	14	15	12	12	18	20	21	29	31	31	26
BAD TIME TO BUY:													
Prices are high	11	12	14	11	11	17	5	7	8	9	7	6	7
Interest rates are high; credit is tight	4	4	3	3	5	4	3	3	2	3	2	3	3
Lack of purchasing power	6	5	6	8	7	5	6	6	8	7	9	5	6

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

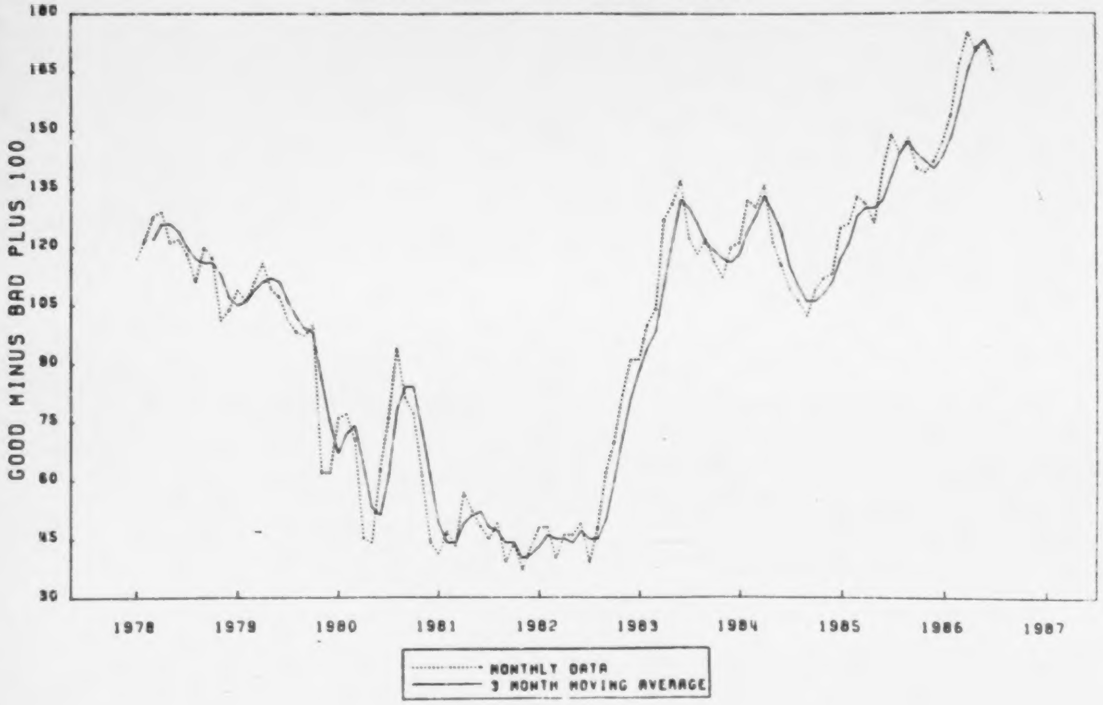


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

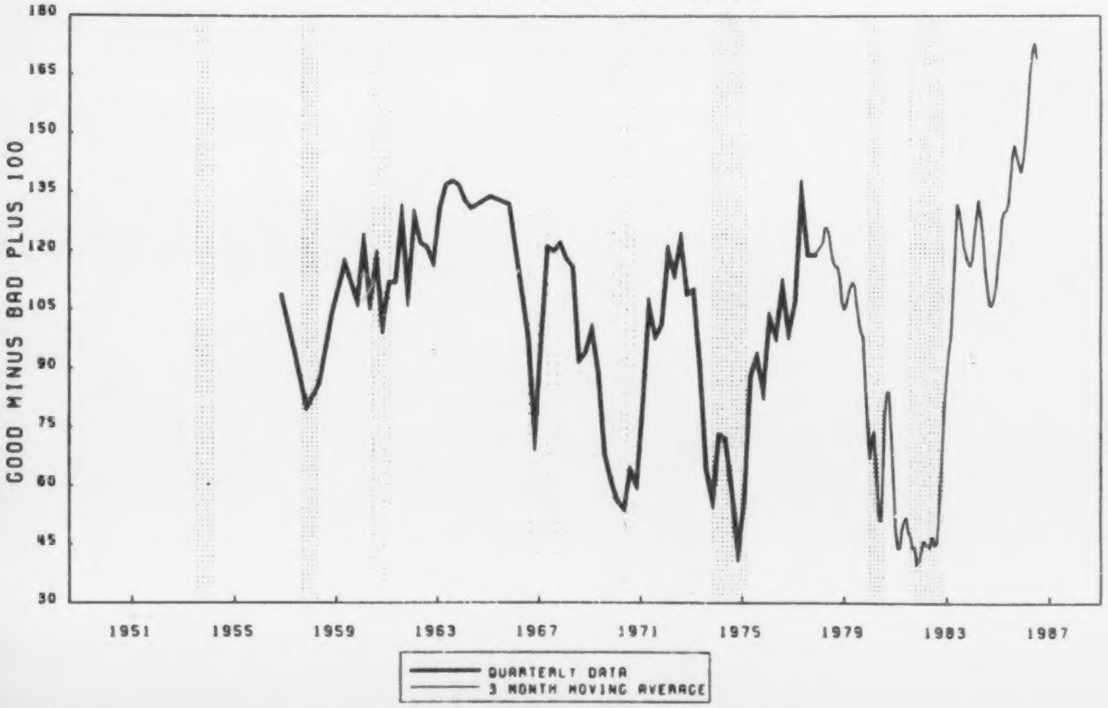


TABLE 23

BUYING CONDITIONS FOR HOUSES

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY	73%	69%	72%	68%	67%	68%	72%	76%	82%	86%	83%	86%	82%
UNCERTAIN, DEPENDS	3	6	4	4	5	6	3	2	3	3	4	1	1
BAD TIME TO BUY	24	25	24	28	28	26	25	22	15	11	13	13	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

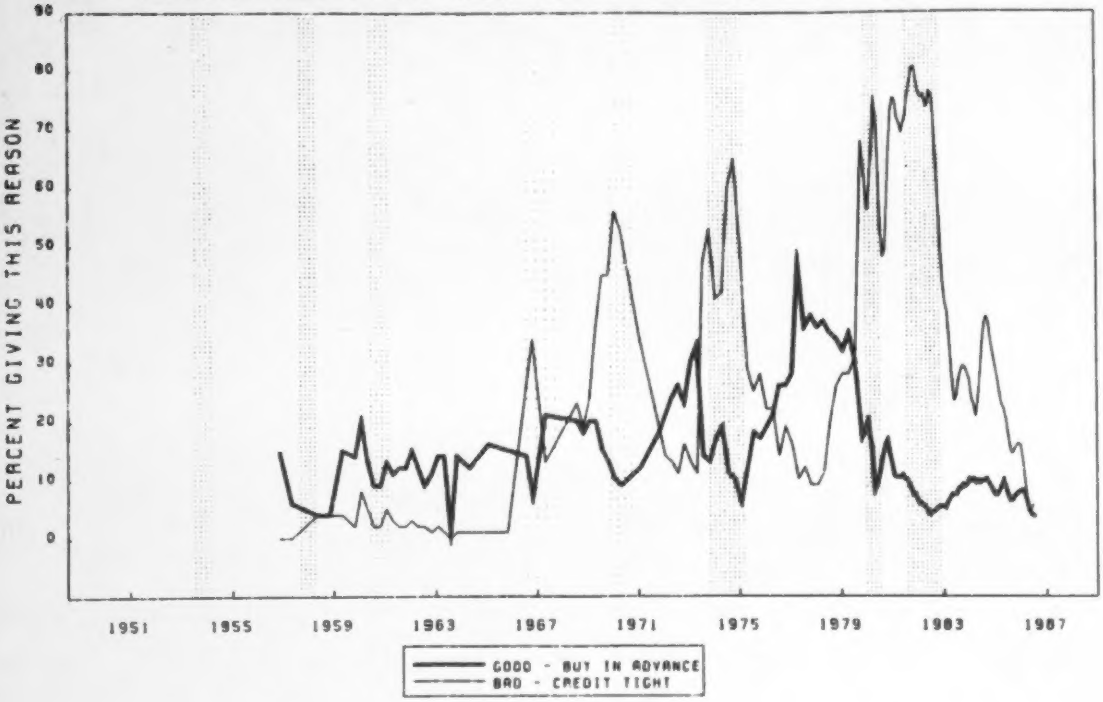


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

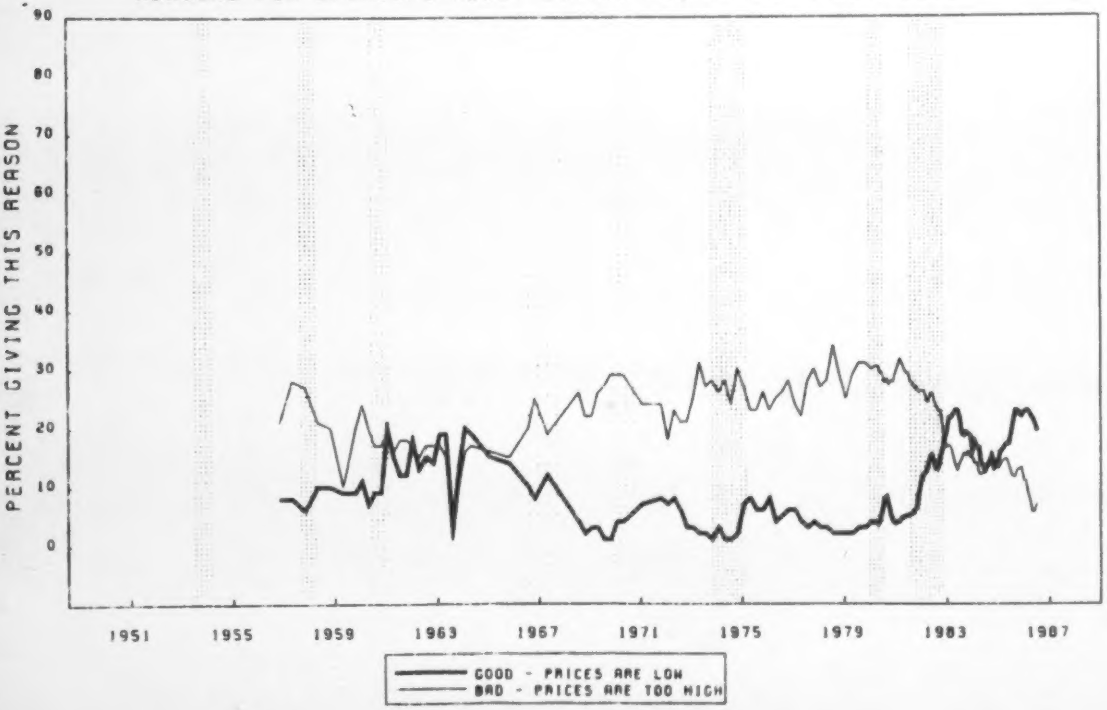


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	23%	24%	22%	21%	23%	24%	22%	23%	22%	20%	21%	18%
Prices won't come down; are going higher	5	7	7	7	8	8	8	8	6	5	3	4	4
Interest rates low; credit is easy	57	58	56	55	52	53	60	64	76	83	80	83	77
Good investment	5	7	4	6	4	5	6	4	5	3	3	3	5
BAD TIME TO BUY:													
Prices are high	11	12	12	15	12	13	8	12	6	5	6	6	9
Interest rates are high; credit is tight	13	16	14	15	18	15	14	11	5	4	5	5	7
Lack of purchasing power	11	9	9	10	10	6	10	8	8	6	6	6	7

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

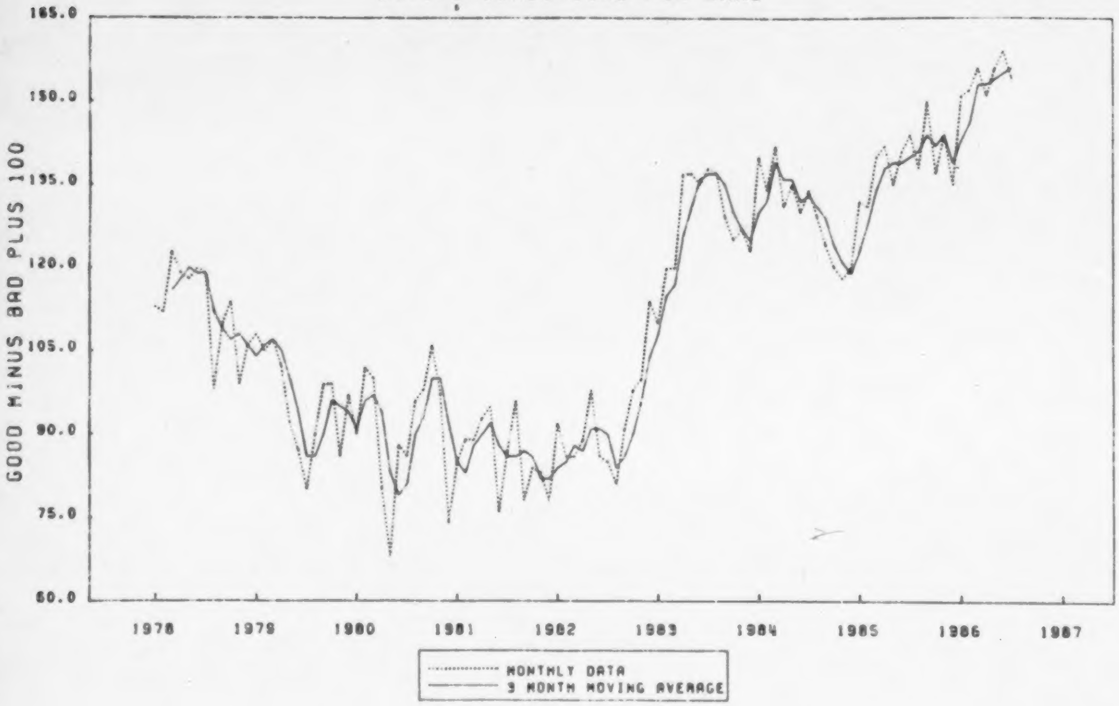


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

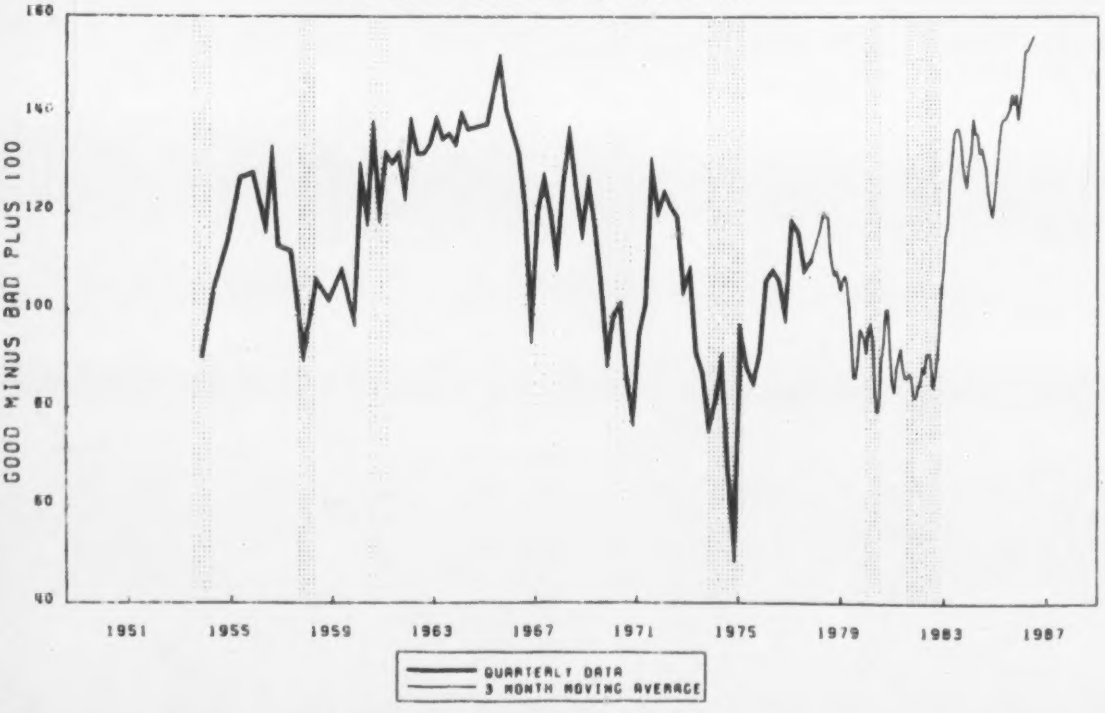


TABLE 25

BUYING CONDITIONS FOR CARS

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY	67%	64%	72%	65%	68%	63%	71%	73%	74%	73%	75%	77%	74%
UNCERTAIN; DEPENDS	10	10	6	7	8	9	9	6	8	5	6	5	6
BAD TIME TO BUY	23	26	22	28	24	28	20	21	18	22	19	18	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	641	650	654	652	651	652	656	656	658	658	655	658	665

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

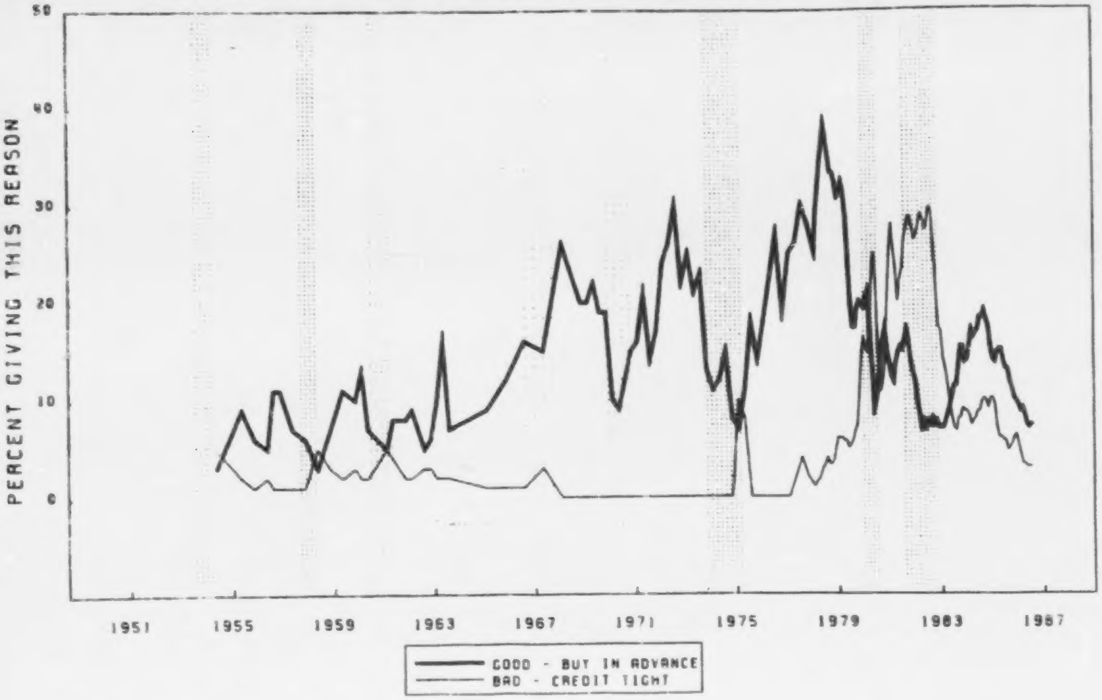


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

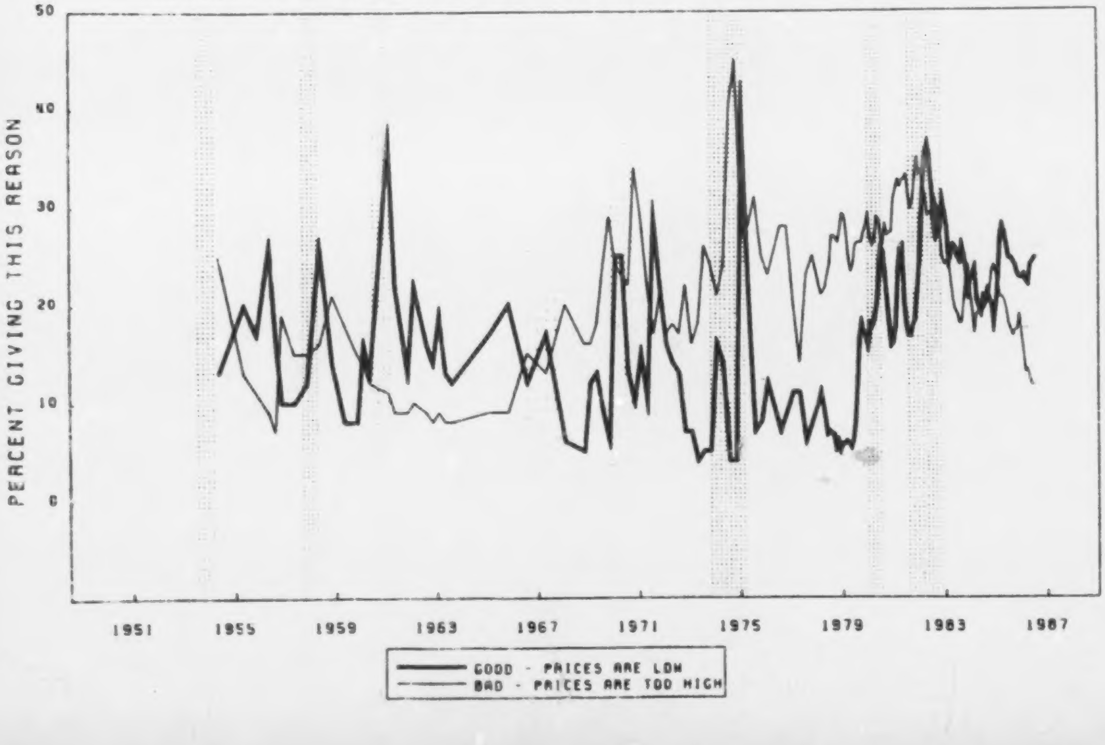


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	July 1985	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	24%	25%	23%	21%	24%	23%	22%	22%	22%	28%	23%	23%
Prices won't come down; are going higher	12	14	9	10	11	8	9	9	9	7	6	8	8
Interest rates low; credit is easy	35	36	46	41	40	37	51	53	54	54	58	62	53
New fuel efficient models	1	1	1	1	2	1	*	1	*	1	*	*	1
BAD TIME TO BUY:													
Prices are high	17	18	15	19	18	20	13	13	13	14	10	11	14
Interest rates are high; credit is tight	5	5	5	6	7	6	3	4	3	3	3	3	3
Lack of purchasing power	6	4	4	6	4	4	5	5	4	6	6	4	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	4	3	3	1	4	4	2	3	2	2	2	3

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

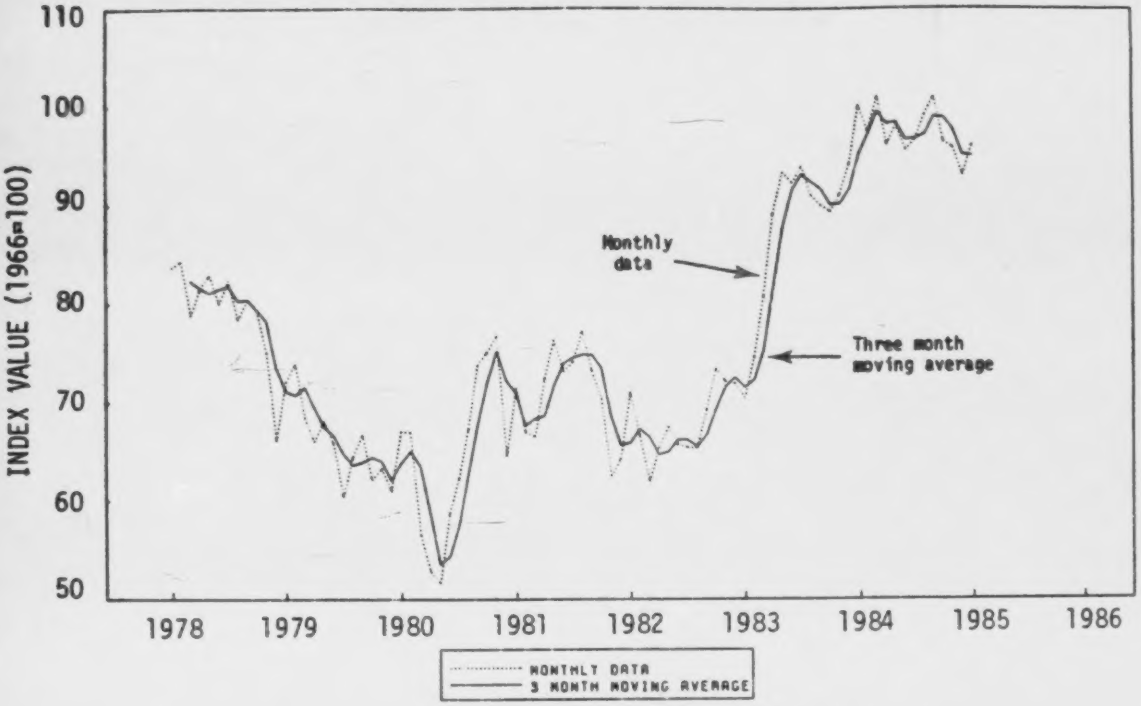
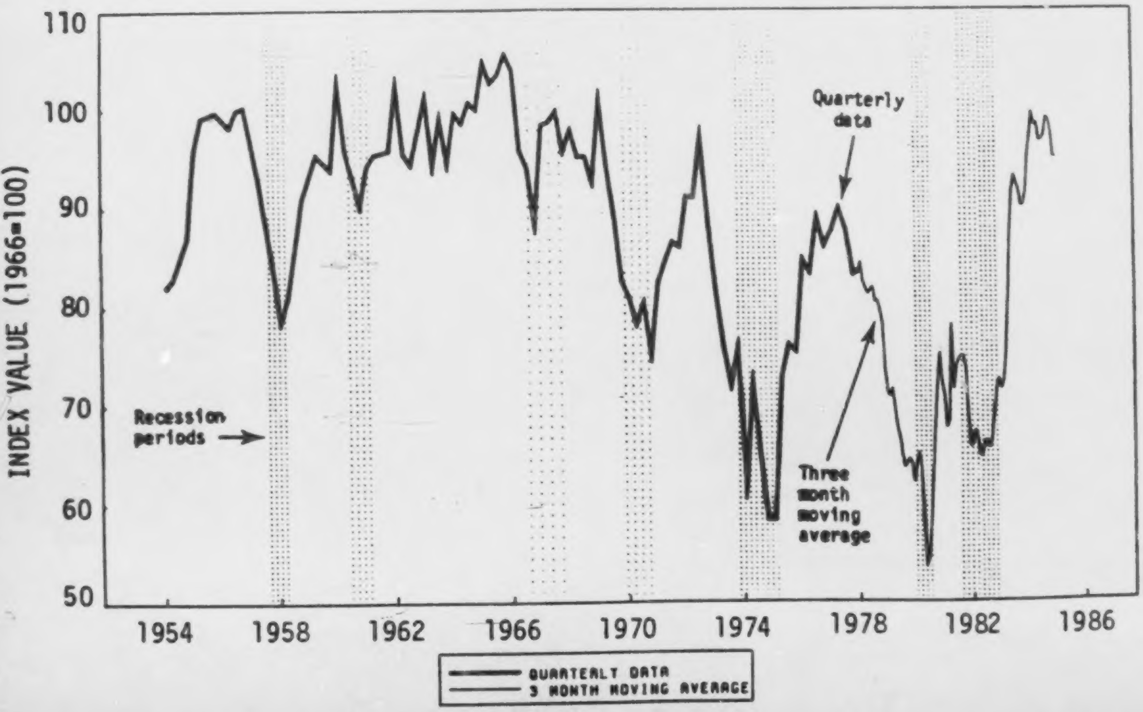


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:
November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

JULY 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

August 8, 1986

CONSUMERS ENJOY CALM ECONOMIC SEAS

- In the July 1986 survey, the Index of Consumer Sentiment was 97.7, representing a minor decline from the 99.3 recorded in June. Only small changes in the overall level of consumer sentiment have been recorded during the past three years. In each of the July surveys from 1983 to 1986, the Index has remained at very favorable levels, and has exhibited little variation, ranging from 93.9 to 97.7.

- Among families with incomes of $30,000 and over, the Index stood at 109.6 in the July 1986 survey, just one Index point below the June level, and 4.4 points above the year earlier reading.

- The July 1986 survey recorded the largest proportion of consumers to report improvement in their financial situation in more than two decades—49 percent. Income increases combined with price declines during the past year have been responsible for this improvement. Income increases during the year ahead were widely expected in July, but the size of the annual expected increase was small in real terms—just 0.6 percent. As a result, consumers expected their favorable financial situation to remain largely unchanged during the year ahead in the July 1986 survey.

- Attitudes toward buying conditions receded from last month's record levels, in all markets studied. Even after this slight decline, favorable buying attitudes were more widespread in the July 1986 survey than one or two years earlier. The recent small decline was due to somewhat higher interest rates on consumer purchases, although consumers continue to hold very favorable views of current interest rate levels.

- Many consumers also hold favorable views of current market prices, and few express fears of future rapid price increases and thus see no need to speed their purchases. Indeed, consumers are now more likely to postpone purchases in response to increases, with the expectation that discounts on prices and lower interest rates will be again offered in the future.

- The majority of families in the July 1986 survey thought that the economy had improved during the past year, and the majority expected the same pace of slow economic growth to continue during the upcoming year. This slow growth outlook is viewed favorably, since consumers now judge the economy less by its unmet potential for growth, and more by the avoidance of a recession.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

Favorable Financial Situation Expected to Remain Unchanged

An improved financial situation was reported by 49 percent of all families in the July 1986 survey, just above the 1984 high of 48 percent, and the highest proportion recorded during the past two decades. Income increases were reported by 39 percent of all families in July, up from 29 percent one year earlier. Just as importantly, these favorable financial assessments have been facilitated by declines in inflation, especially the gasoline price declines that occurred during the past year. Complaints about rising prices draining family budgets were at their lowest level in twenty years in the July 1986 survey.

Consumers continued to hold a favorable outlook for their own financial situation during the year ahead. Among all families in the July 1986 survey, 38 percent expected improvement in their financial situation, compared with just 8 percent that expected a worsened financial situation during the year ahead. Income increases were expected more frequently in the July 1986 survey than one year earlier (64, up from 54 percent), although the size of the expected annual increase was small. The median increase expected in nominal family income across all households was 3.5% in July. This was just 0.6 of a percentage point above the median inflation expectation of 2.9%. As a result, real income was widely expected to remain unchanged at current levels during the year ahead—by 47 percent of all families in the July 1986 survey. Only about half that many families expected real income increases (24 percent).

Given the widespread financial progress reported during the past year, prospects for an unchanged financial situation during the year ahead have continued to support the willingness of consumers to make major purchases. Willingness to incur new debt in order to make major purchases was reported by 35 percent of all families in the July 1986 survey, up from 28 percent one year earlier, and the highest level in more than five years (Table A). Willingness to withdraw money from accumulated savings to finance major purchases was reported by 41 percent of all families in July 1986, just above the year earlier reading of 38 percent (Table B). These spending plans, however, are held with the expectation of only small future increases in income, and thus shift the emphasis in decisions concerning the affordability and timing of purchases to the availability of discounted prices and lower interest rates.

Favorable Buying Conditions

Attitudes toward buying conditions receded from last month's record levels, in all markets studied. Even after this slight decline, favorable buying attitudes were more widespread in the July 1986 survey than one or two years earlier. The recent small decline was due to somewhat higher interest rates on consumer purchases, although consumers continue to hold very favorable views of current interest rate levels. Many consumers also hold favorable views of current market prices, and few express fears of future rapid price increases and thus see no need to speed their purchases. Indeed, consumers are now more likely to postpone purchases in response to increases, with the expectation that discounts on prices and lower interest rates will be again offered in the future.

Homes. Favorable attitudes toward buying conditions for homes were held by 82 percent of all families in the July 1986 survey, just below the all-time peak of 86 percent recorded one and three months earlier. When consumers were asked to explain their views on home buying conditions, references to the current availability of lower mortgage rates were made by 70 percent of all families in the July survey, down slightly from the record of 78 percent recorded in June (Table C). Rising home prices have also dimmed home buying attitudes during the past three months, although, as with interest rates, the balance of opinion remains favorable. References to low prices outnumbered complaints about high prices by 17 percentage points three months ago, which has since fallen to a 9 percentage point difference. Even at this diminished margin, perceptions of home prices are more favorable now than at anytime during the 1970s.

Vehicles. Favorable attitudes toward buying conditions for vehicles were held by 74 percent of all families in the July 1986 survey, just below the all-time peak of 77 percent recorded one month earlier, and above the 67 percent recorded one year earlier. Most families supported their very favorable assessments with references to the availability of reduced interest rates on vehicle purchases. The proportion mentioning reduced interest rates, however, declined somewhat in the July survey, to 52 from the record level of 59 percent in June. This figure remains substantially above the year earlier reading of 33 percent. Perceptions of market prices for new vehicles remained on balance favorable in the July survey, and comparable to the year earlier reading.

Household Durables. Favorable attitudes toward buying conditions for large household durables remained widespread in the July 1986 survey, held by 79 percent of all families, just below the all time record of 81 percent recorded one month earlier. These very favorable buying attitudes were most commonly supported by references to the availability of price discounts in the July survey—by 40 percent, up from 35 percent in June.

Favorable Evaluations of the Economy:
From the Pursuit of Growth to the Avoidance of Adversity

Awareness among consumers of ongoing favorable developments in the economy declined during the past three months. In the July 1986 survey, news of favorable economic changes were reported by 37 percent, down from 55 percent in April. This was mainly due to fewer reports of declines in prices and interest rates. Overall, the majority of families in the July 1986 survey continued to think that the economy as a whole had improved during the past year (53 percent, just below the 56 percent recorded one year earlier). Less than half as many, however, expected a better economy during the year ahead (24 percent, just below the 26 percent recorded last year). Most families expected the overall performance of the economy to remain unchanged during the year ahead (60 percent, up from 57 percent last July). Importantly, few families expected the economy to worsen during the upcoming year (14 percent, unchanged from one year earlier).

This outlook for slow but continued economic growth has meant to consumers the continuation of good times financially in the country as a whole. Among all families in the July 1986 survey, 61 percent thought that economic conditions would remain "good" during the year ahead, up from 58 percent in July 1985. While consumers do not see a recession on the near term horizon, they did not expect economic growth to continue indefinitely over the longer term. More families in the July 1986 survey expected an economic downturn sometime during the next five years or so, than expected continuous growth that far into the future (44 versus 38 percent). With this perspective, the expectation of continued slow economic growth during the year ahead may be viewed as a welcome hiatus. Following more than a decade of volatile and uncertain times, it is the absence of such adversity and instability than now forms the threshold for favorable evaluations of the economy.

The major concern with the long term vitality of the domestic economy involves job prospects. Slow economic growth was expected to result in no further declines in unemployment. In the July 1986 survey, the majority of families expected the national unemployment rate to remain at about its current level. Increases in unemployment during the year ahead were expected by 27 percent in July, compared with 15 percent that expected the unemployment rate to decline.

● ● ●

The July 1986 survey included 665 completed interviews, conducted between July 1 and July 31, 1986.

TABLE A

OPINIONS ABOUT WHETHER NOW IS A GOOD TIME TO USE CREDIT FOR MAJOR PURCHASES

Survey Date		Use of Credit...						
		OK; not reluctant	Pro-con	Not OK; reluctant	Don't know; NA	Total	# cases	Relative score
July	1982	11%	1%	86%	2%	100%	708	25
July	1983	28	1	69	2	100	680	59
July	1984	27	1	71	1	100	656	56
July	1985	28	*	68	4	100	641	60
July	1986	35	1	63	1	100	665	72

*Less than 0.5 percent.

The question was: "If there were something that you wanted to buy, do you think that now is a time when it would be O.K. for you to buy it on credit, or is now a time when you would be especially reluctant to take on new debt?"

TABLE B

OPINIONS ABOUT WHETHER NOW IS A GOOD TIME TO USE SAVINGS FOR MAJOR PURCHASES

(Percentage distribution of families with savings)

Survey Date		Use of Savings...						
		OK; not reluctant	Pro-con	Not OK; reluctant	Don't know; NA	Total	# cases	Relative score
July	1982	26%	1%	72%	1%	100%	650	54
July	1983	37	*	61	2	100	623	76
July	1984	35	*	63	2	100	591	72
July	1985	38	*	58	4	100	587	80
July	1986	41	1	56	2	100	608	85

*Less than 0.5 percent.

The question was: "If there were a major purchase that you wanted to make, do you think that now is a time when it would be O.K. to use some of your savings or is now a time when you would be especially reluctant to use some of your savings?"

TABLE C
REFERENCES TO INTEREST RATES IN SUPPORT OF FAVORABLE BUYING CONDITIONS

Survey Date		Durables		Houses[a]		Vehicles	
		Low Rates	BIA[b] Rates	Low Rates	BIA Rates	Low Rates	BIA Rates
July	1983	14%	2%	40%	9%	34%	3%
August	1983	11	1	33	11	30	3
September	1983	9	3	35	12	25	3
October	1983	6	1	29	9	17	2
November	1983	6	2	29	11	20	2
December	1983	6	1	30	11	16	3
January	1984	8	1	33	8	20	3
February	1984	9	2	38	12	19	3
March	1984	8	2	36	13	19	3
April	1984	8	6	29	23	15	7
May	1984	7	4	24	20	14	4
June	1984	7	4	21	17	12	6
July	1984	5	5	21	16	16	8
August	1984	6	2	22	13	12	5
September	1984	6	2	22	12	11	4
October	1984	7	4	24	11	10	4
November	1984	8	3	33	11	15	3
December	1984	8	2	32	6	12	3
January	1985	10	1	42	7	21	2
February	1985	9	2	42	8	23	1
March	1985	8	2	38	10	21	2
April	1985	10	3	34	13	22	3
May	1985	9	2	35	8	25	3
June	1985	11	2	50	6	32	3
July	1985	13	1	51	6	33	2
August	1985	15	*	54	4	35	1
September	1985	14	1	51	5	45	1
October	1985	14	1	48	7	40	1
November	1985	10	2	45	7	38	2
December	1985	11	1	47	6	35	2
January	1986	17	1	55	5	50	1
February	1986	18	2	60	4	51	2
March	1986	21	1	73	4	52	2
April	1986	27	2	78	5	52	2
May	1986	30	1	76	4	57	1
June	1986	30	1	78	5	59	3
July	1986	25	1	70	7	52	1

*Less than 0.5 percent.

[a] Also includes homes, home repairs and real estate.

[b] The proportions given above provide greater detail than is reported in the monthly tables (see Tables 22, 24 and 26). The figures above divide the total proportion of respondents that made favorable references to credit conditions into those respondents that referred to the current availability of *low interest rates*, and those that referred to *borrowing-in-advance* (BIA) of rising interest rates.

U.7475-2A

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

AUGUST 1986

The August 1986 survey is the 217th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

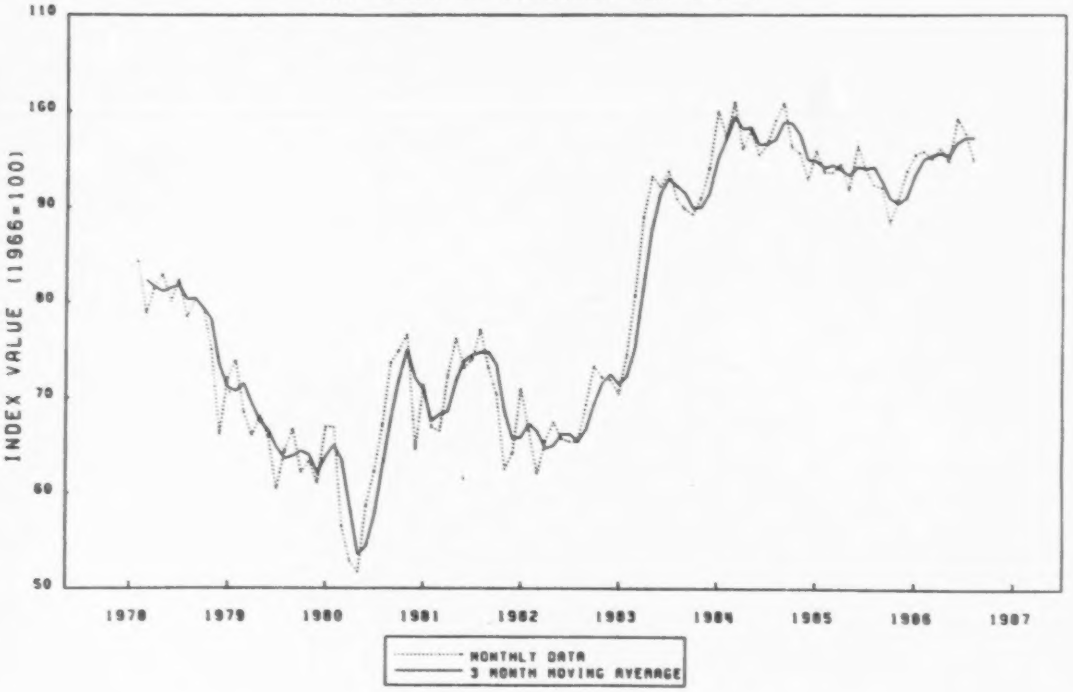


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

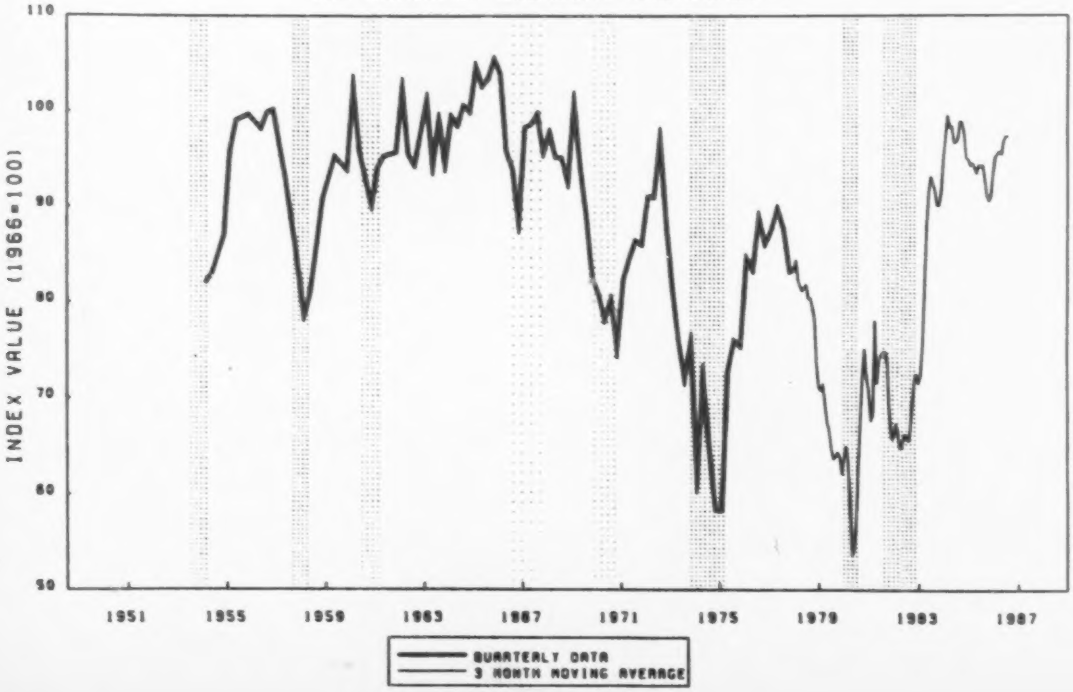


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		All families	Families with incomes over $30,000	Families with incomes over $40,000
August	1983	90.9	109.5	
September	1983	89.9	103.7	
October	1983	89.3	103.6	
November	1983	91.1	100.3	
December	1983	94.2	105.4	
January	1984	100.1	115.6	
February	1984	97.4	114.3	
March	1984	101.0	117.8	
April	1984	96.1	107.0	
May	1984	98.1	107.8	
June	1984	95.5	105.5	
July	1984	96.6	102.7	
August	1984	99.1	113.3	
September	1984	100.9	110.8	
October	1984	96.3	113.5	
November	1984	95.7	112.9	
December	1984	92.9	101.5	
January	1985	96.0	110.2	112.1
February	1985	93.7	113.8	113.8
March	1985	93.7	110.8	114.4
April	1985	94.6	108.9	114.9
May	1985	91.8	105.3	107.7
June	1985	96.5	107.4	110.3
July	1985	94.0	105.2	109.5
August	1985	92.4	106.7	110.2
September	1985	92.1	101.7	104.9
October	1985	88.4	99.6	107.4
November	1985	90.9	100.8	100.3
December	1985	93.9	106.0	108.3
January	1986	95.6	109.7	110.1
February	1986	95.9	107.8	109.0
March	1986	95.1	102.9	110.2
April	1986	96.2	106.9	111.0
May	1986	94.8	105.5	109.9
June	1986	99.3	110.6	112.4
July	1986	97.7	109.6	108.5
August	1986	94.9	105.0	106.6

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

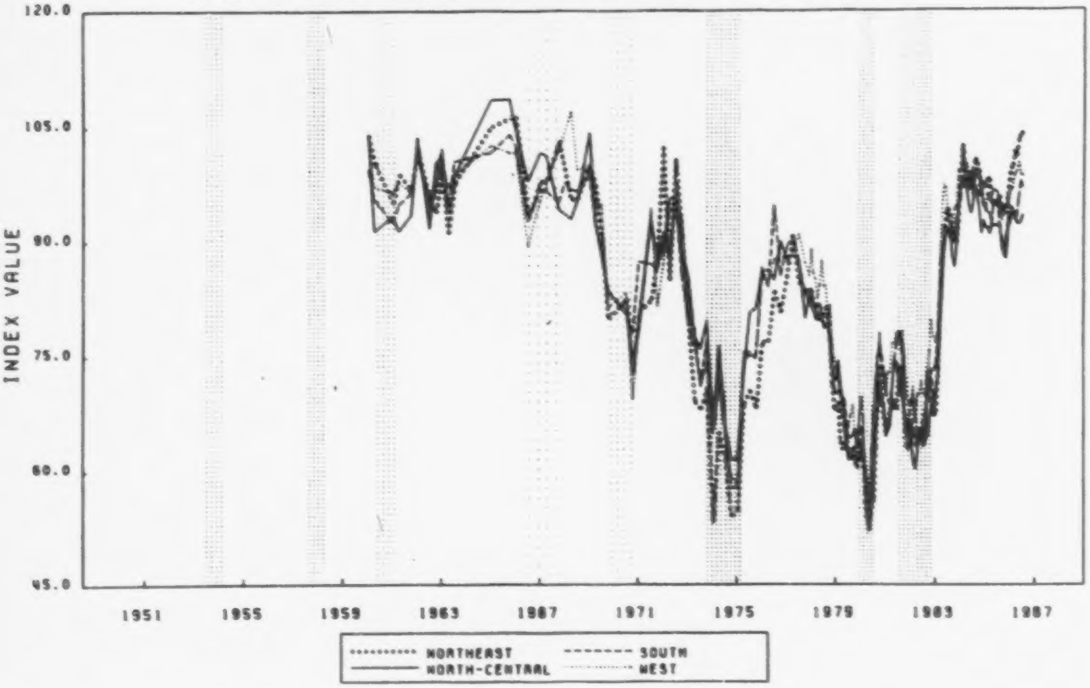


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

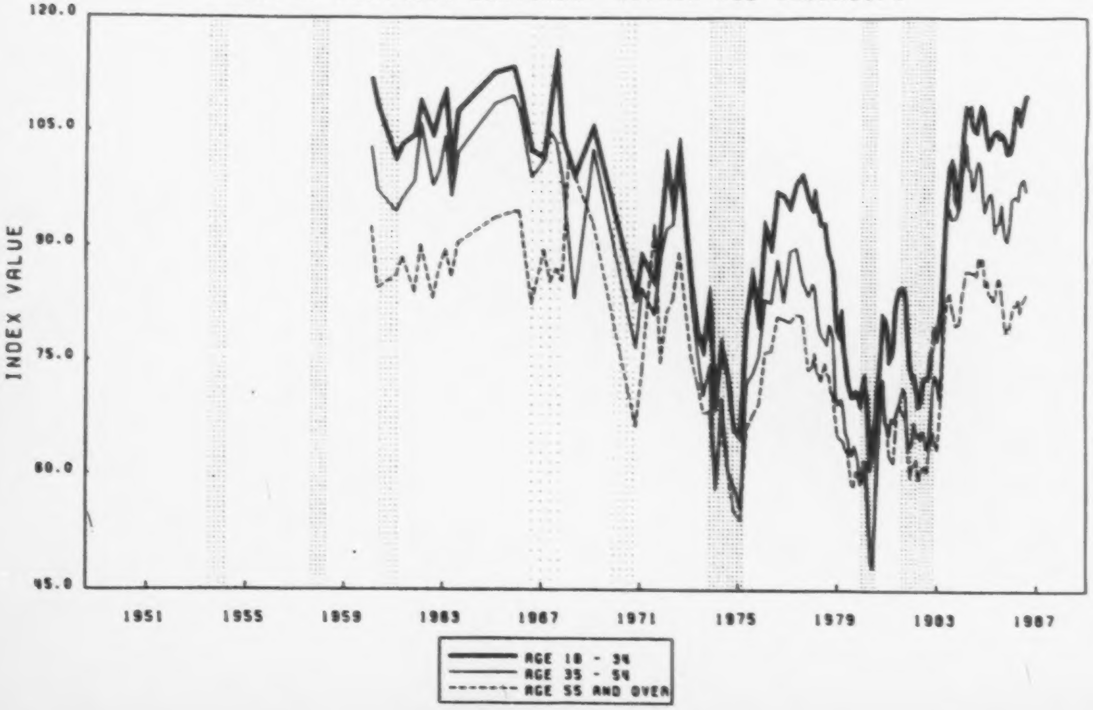


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
August 1983	89.6	92.0	91.3	89.6	99.2	92.9	80.0
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.6	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

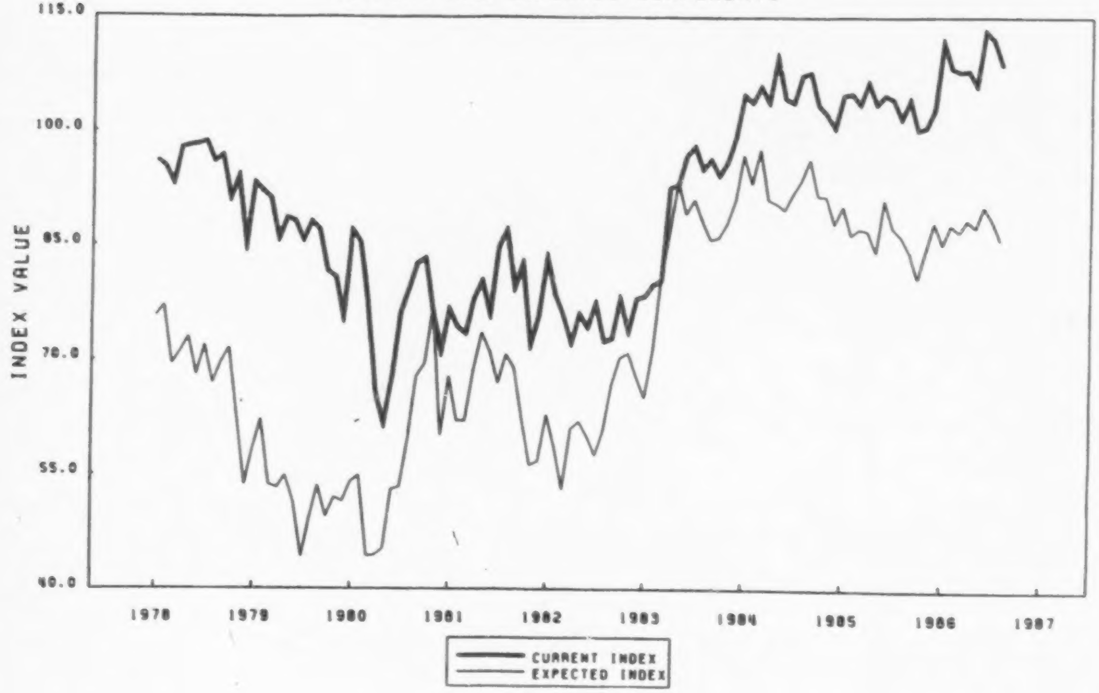


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

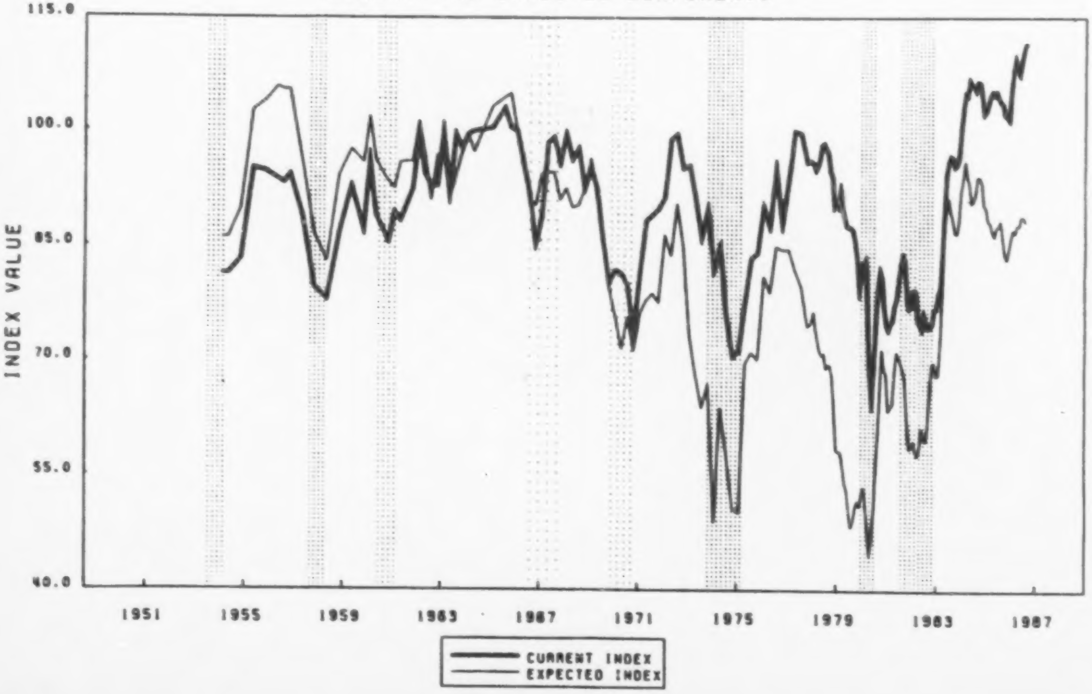


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
August 1983	106	124	130	100	140	95.1	88.2
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

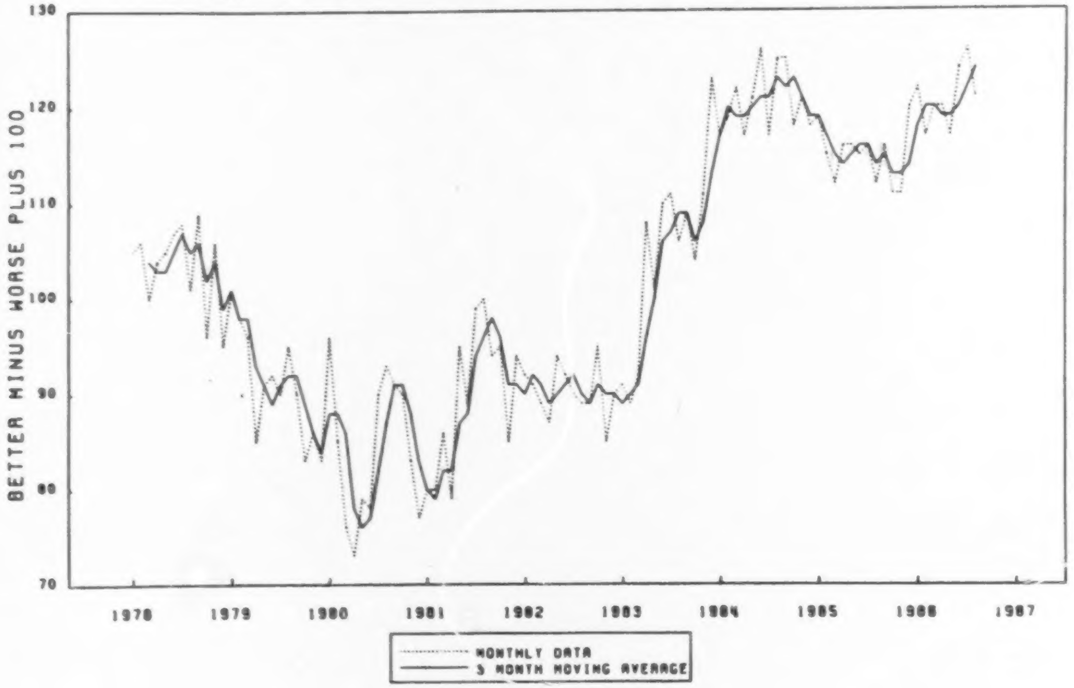


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

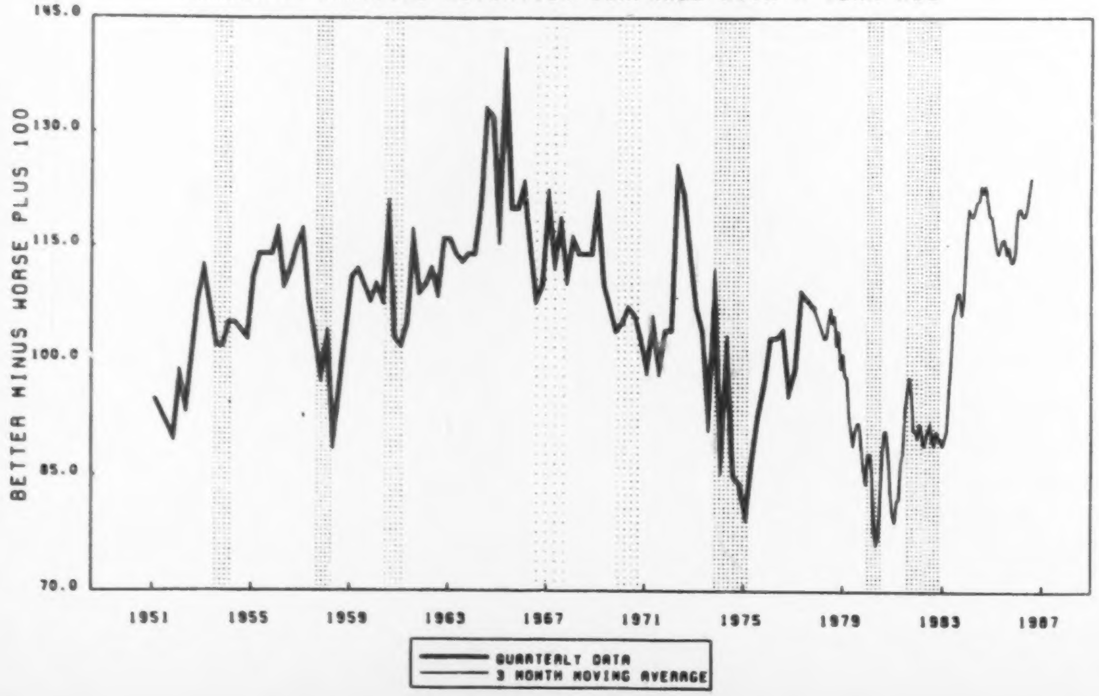


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
BETTER OFF	41%	43%	39%	38%	46%	45%	44%	44%	45%	42%	47%	49%	46%
SAME	29	28	33	34	28	32	29	32	30	33	29	28	28
WORSE OFF	29	27	28	27	26	23	27	24	25	25	23	23	25
DK,NA	1	2	*	1	*	*	*	*	*	*	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

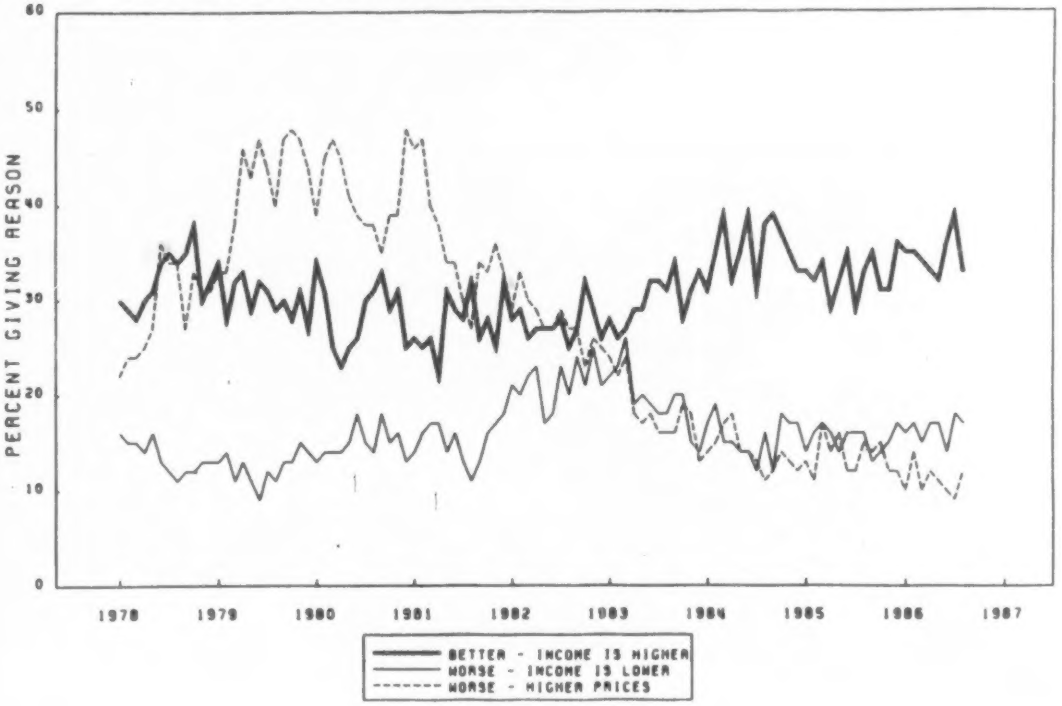


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

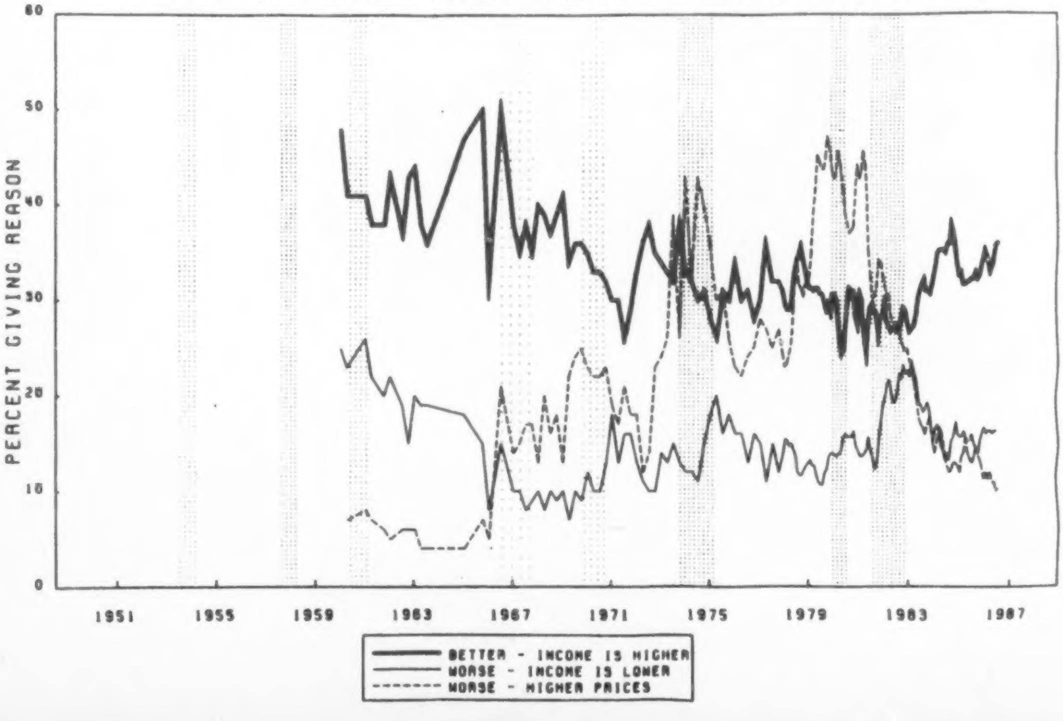


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	33%	35%	31%	31%	36%	35%	35%	34%	33%	32%	36%	39%	33%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	13	14	15	17	16	17	15	17	17	14	18	17
Higher prices	15	14	15	12	12	10	14	10	12	11	10	9	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

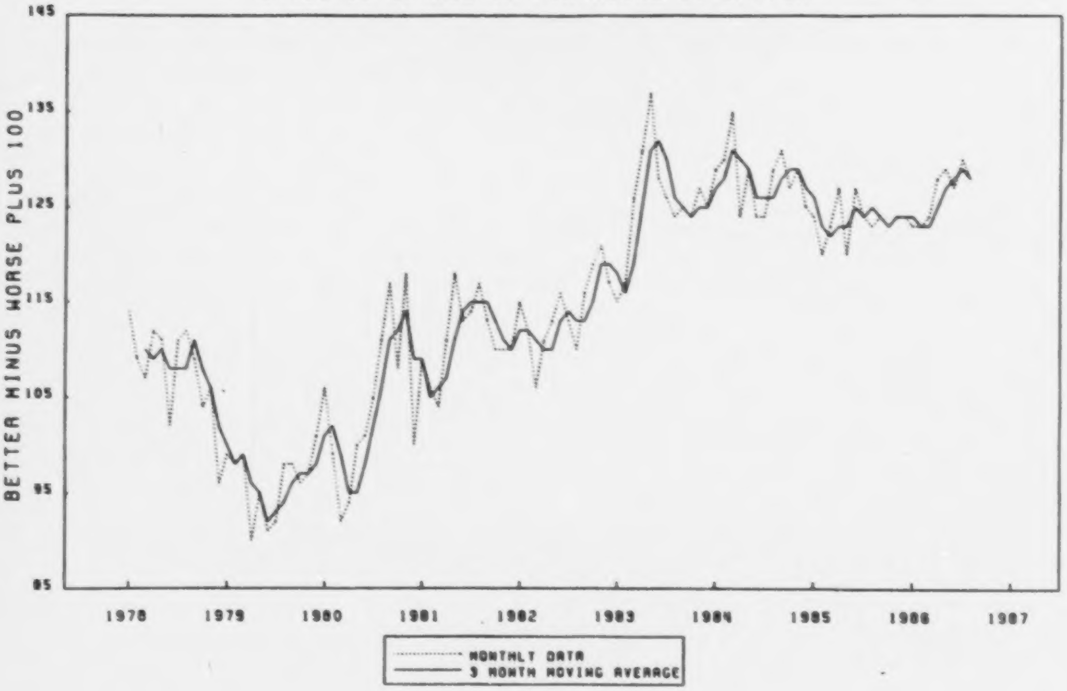


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

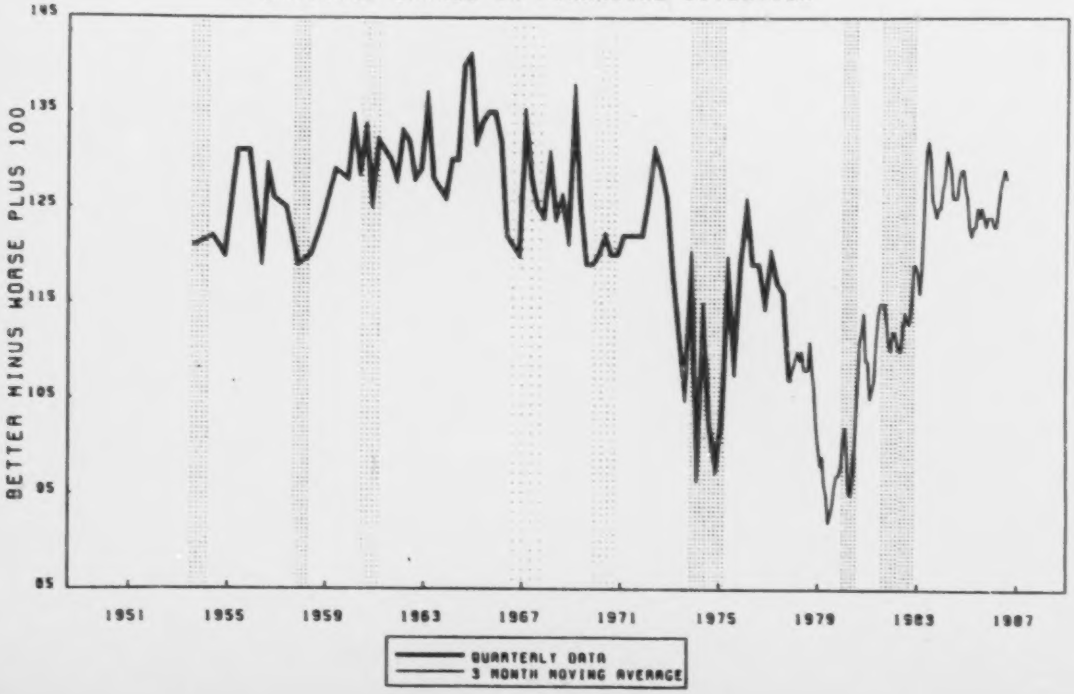


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
BETTER OFF	36%	35%	33%	36%	33%	35%	35%	37%	38%	40%	38%	38%	39%
SAME	48	50	54	48	55	50	50	47	49	47	49	52	48
WORSE OFF	13	11	10	12	9	12	12	13	10	11	11	8	11
DK,NA	3	4	3	4	3	3	3	3	3	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

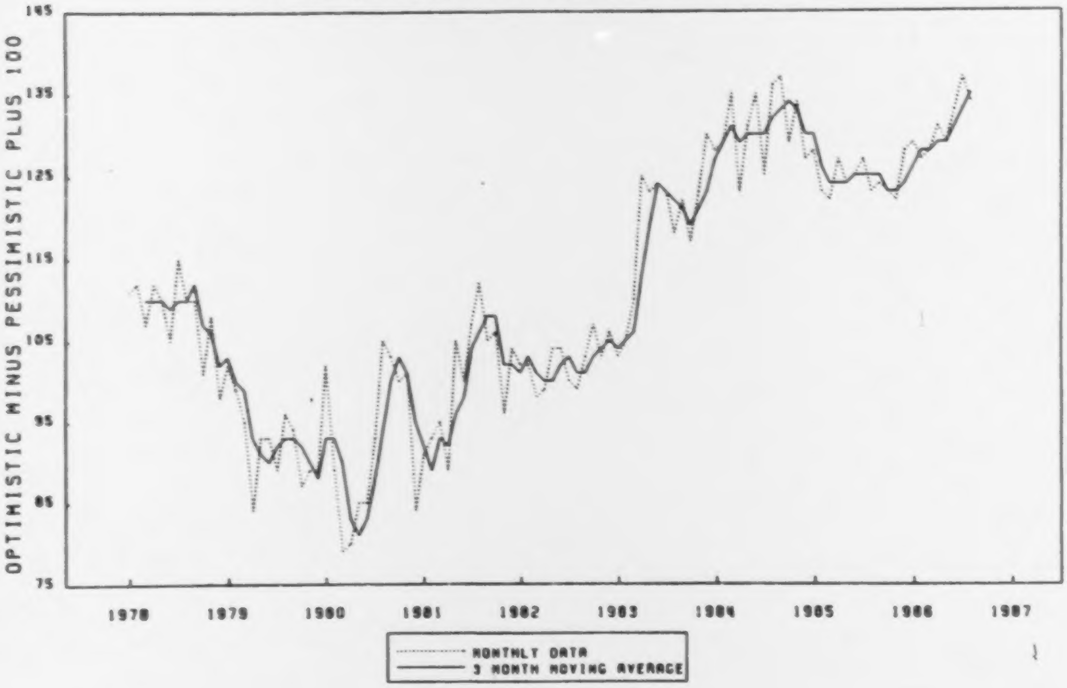


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

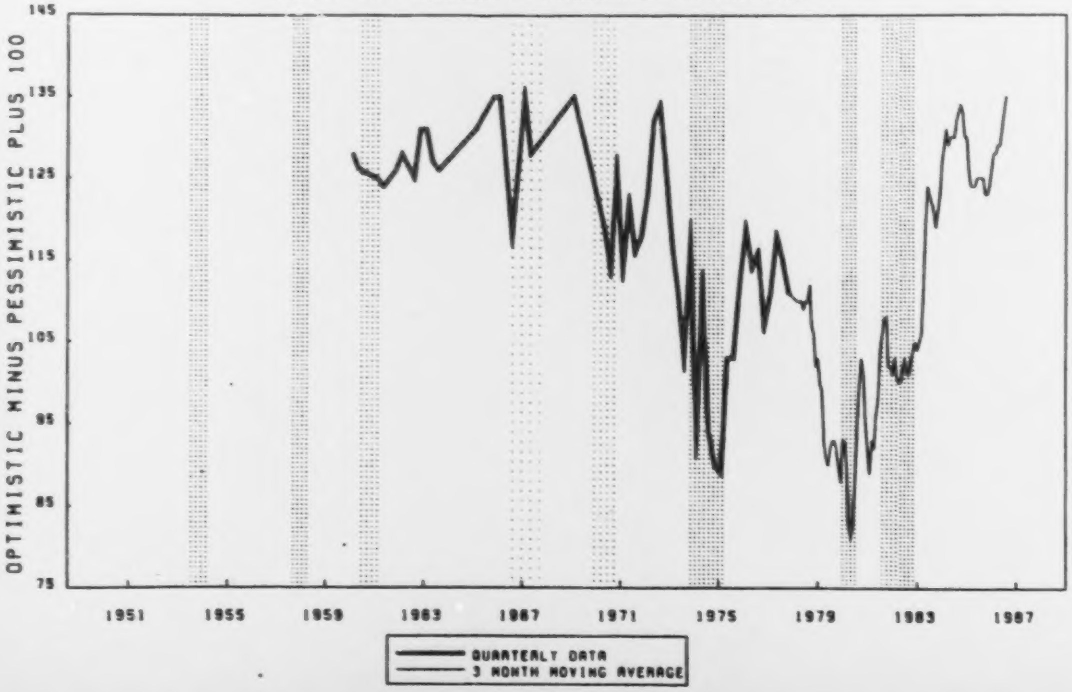


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	19%	22%	18%	19%	20%	21%	20%	22%	23%	22%	22%	23%	21%
Intermittant increase (b)	25	24	26	25	29	29	29	27	28	26	29	29	32
Remain unchanged (c)	19	18	23	20	18	18	16	18	16	19	18	19	15
Intermittant decline (d)	14	15	15	17	17	16	16	14	16	15	14	12	13
Continuous decline (e)	7	7	6	5	4	5	6	7	4	4	4	3	6
Mixed change (f)	12	9	9	10	10	9	11	9	10	11	11	11	11
DK,NA	4	5	3	4	2	2	2	3	3	3	2	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

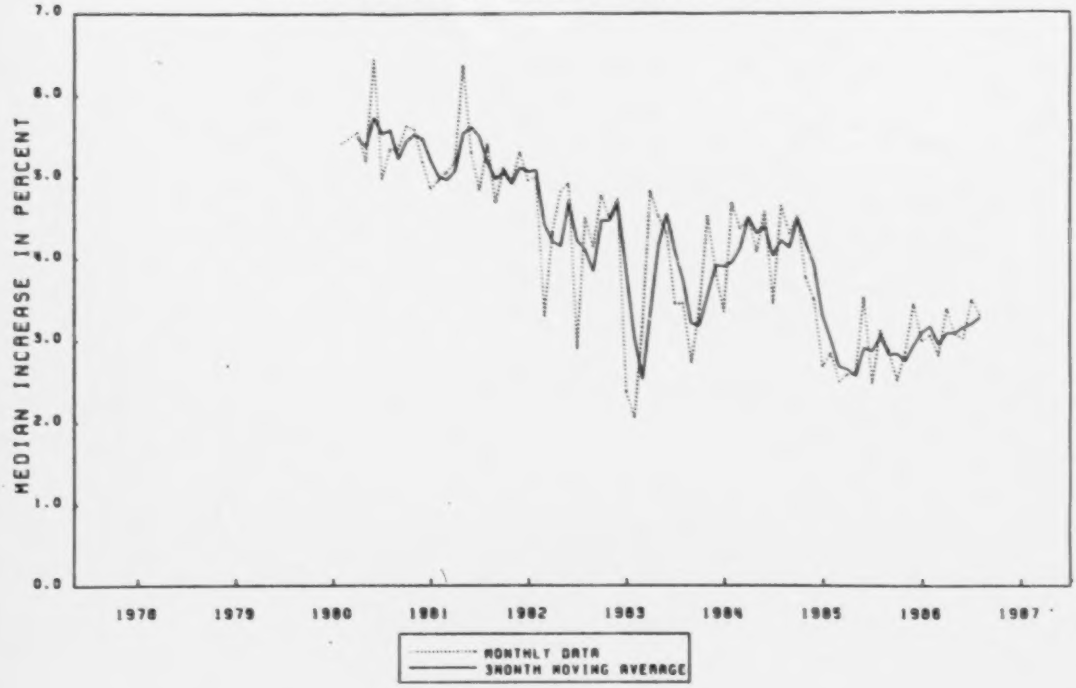


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

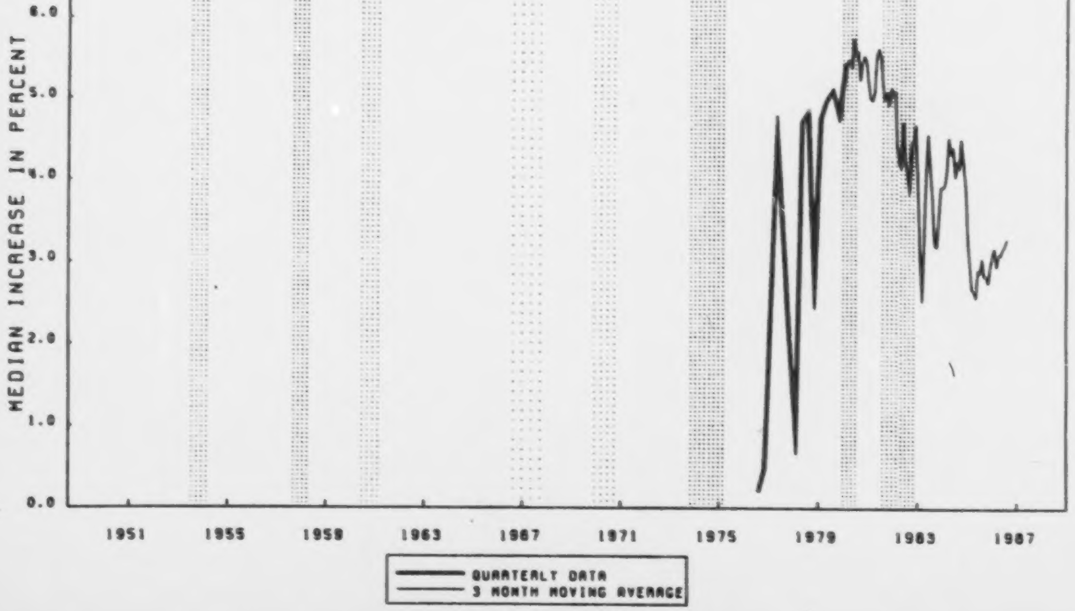


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
EXPECT INCREASE:													
1-4%	13%	13%	13%	17%	14%	11%	17%	16%	13%	16%	15%	15%	16%
5%	10	9	7	9	11	12	10	10	9	9	11	12	11
6-9%	8	8	8	8	8	7	8	6	8	10	8	8	7
10-24%	18	14	17	14	17	16	16	14	19	15	15	17	14
25% or more	5	8	6	6	6	7	6	7	7	6	7	8	9
DK how much up	3	4	5	4	5	4	3	4	3	3	3	4	5
EXPECT SAME	29	28	29	26	25	28	27	27	25	25	25	22	24
EXPECT DOWN	12	13	14	14	12	14	12	15	15	14	14	14	13
DK,NA	2	3	1	2	2	1	1	1	1	2	2	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

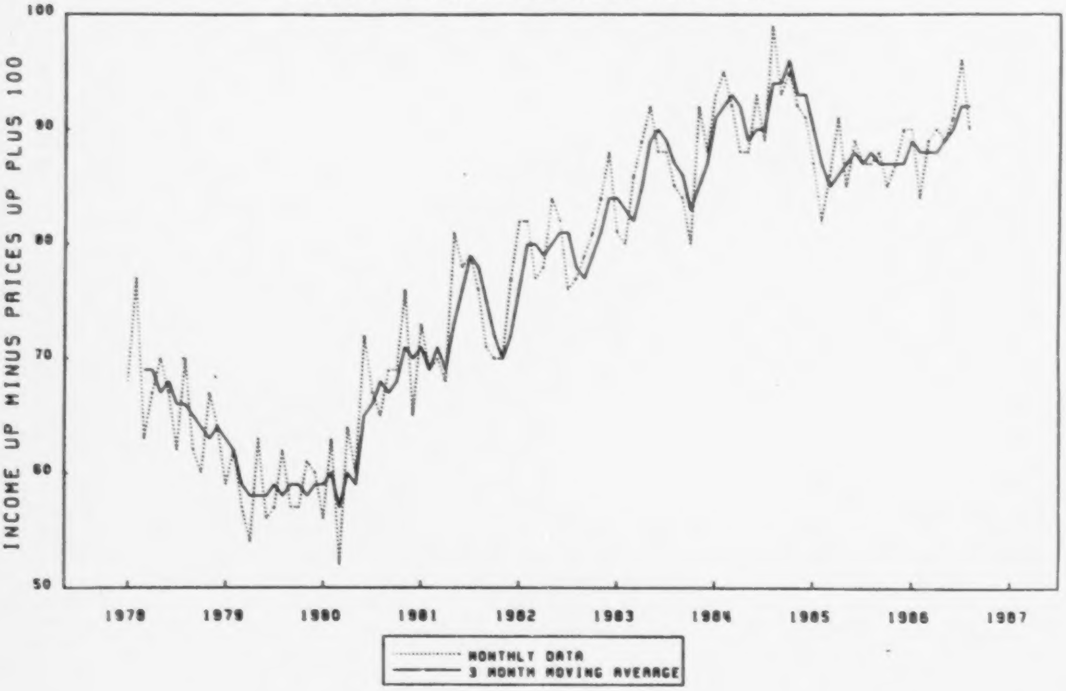


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

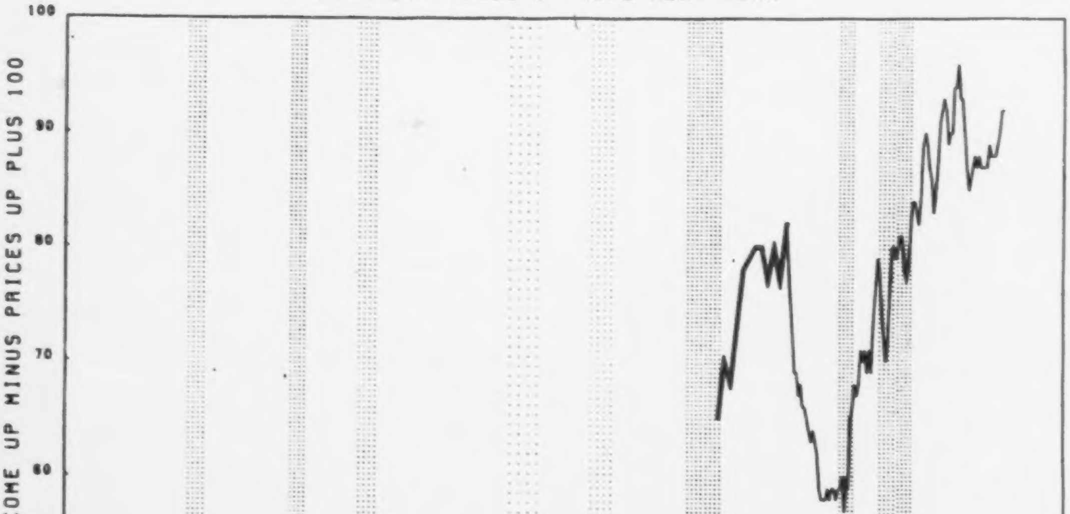


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
INCOME UP MORE	22%	22%	20%	20%	23%	21%	19%	21%	21%	21%	23%	24%	22%
INCOME UP SAME	40	42	43	43	42	47	43	44	45	44	43	47	44
PRICES UP MORE	35	34	35	33	33	31	35	32	31	32	32	28	32
DK,NA	3	2	2	4	2	1	3	3	3	3	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

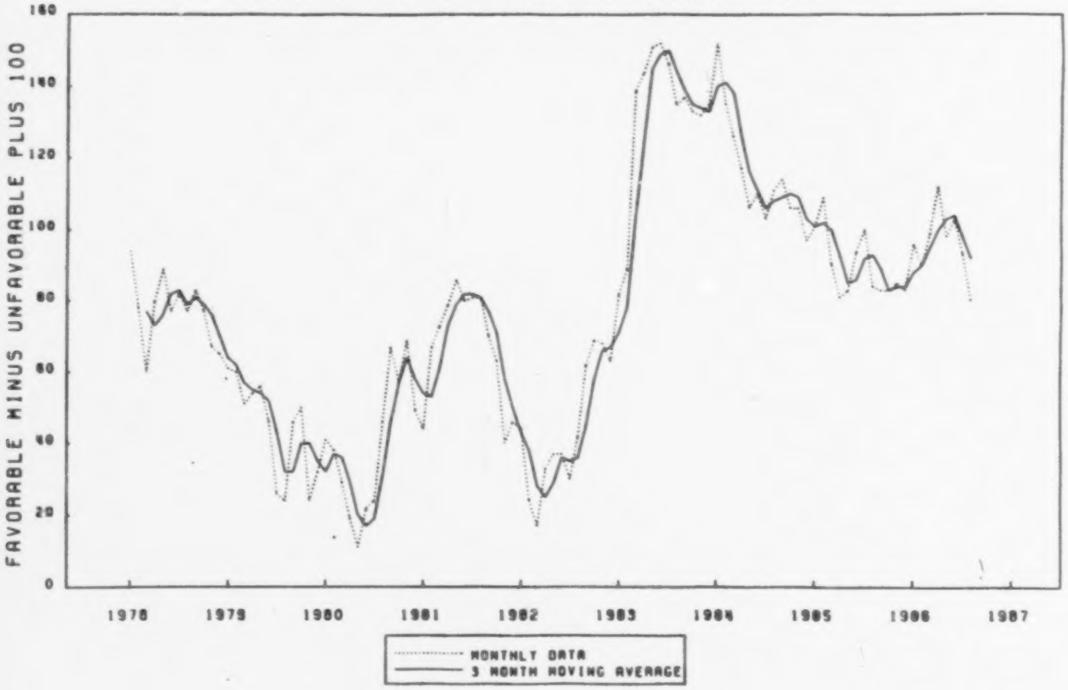


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

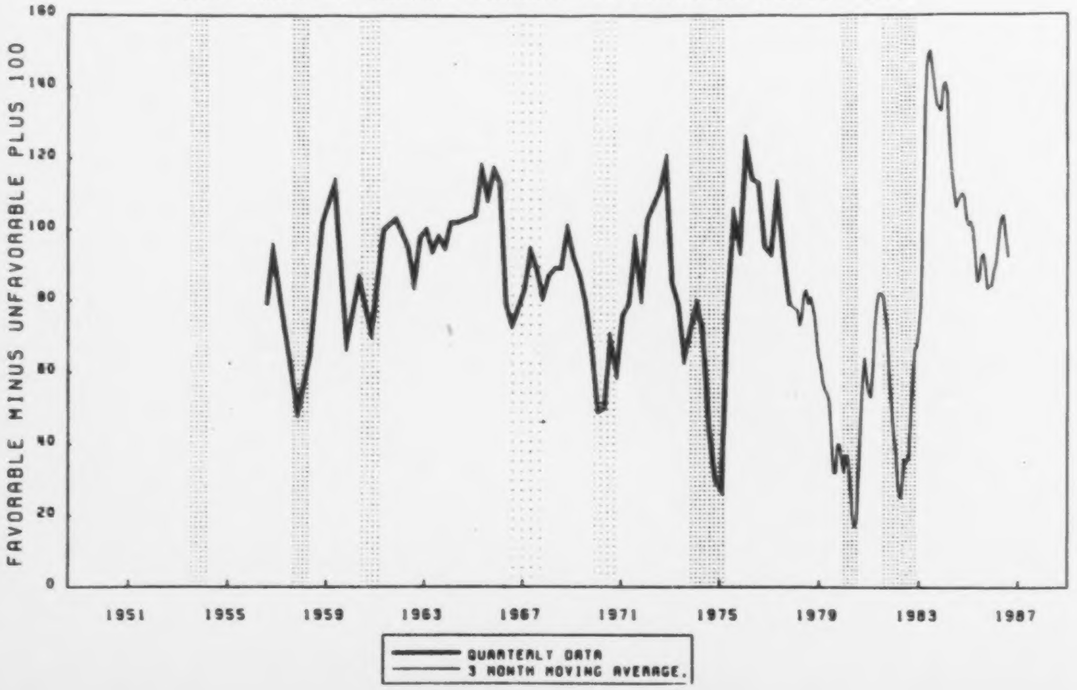


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
FAVORABLE NEWS	30%	31%	28%	32%	33%	37%	34%	46%	55%	42%	42%	37%	33%
UNFAVORABLE NEWS	46	48	45	47	50	41	44	47	43	44	39	44	53
NO MENTIONS	49	47	52	47	47	47	46	43	38	44	46	45	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

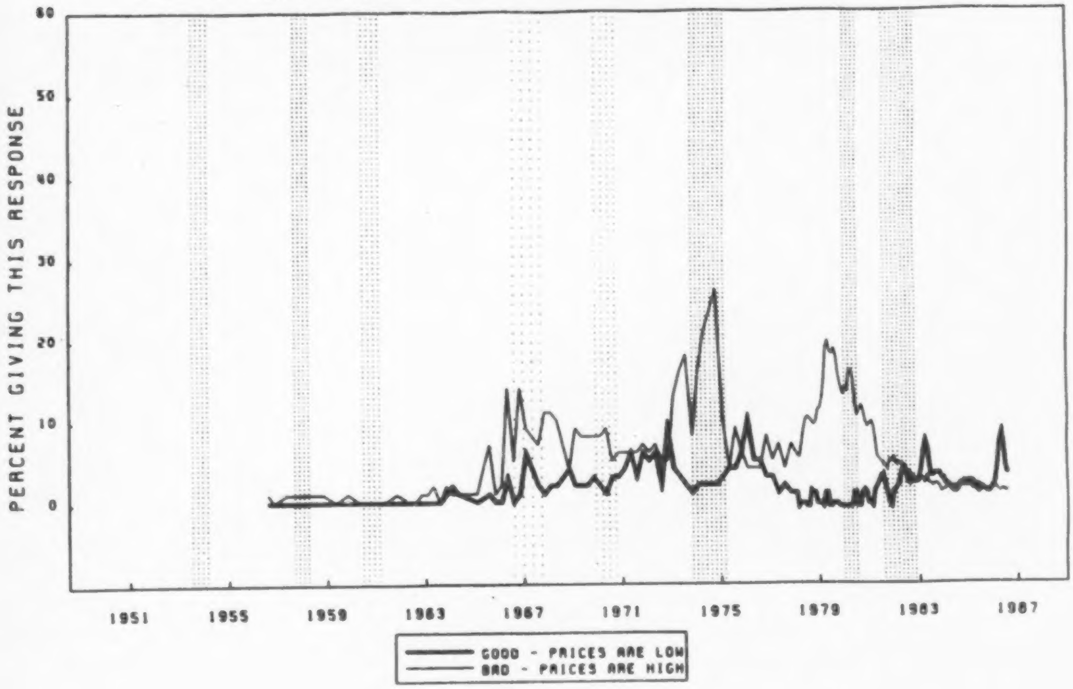


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

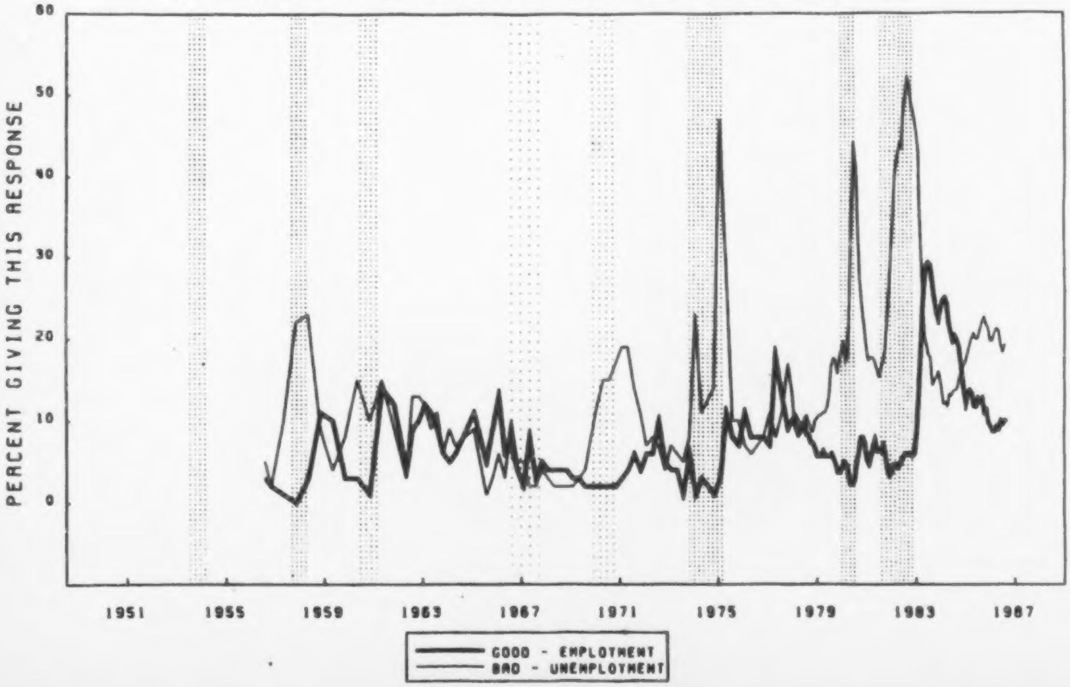


TABLE 11

SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
FAVORABLE NEWS:													
Government; elections	1%	1%	1%	3%	2%	2%	2%	*	1%	2%	3%	3%	2%
Employment	11	13	9	12	8	8	10	8	10	9	11	9	10
Higher consumer demand	2	4	3	3	3	3	1	3	3	2	2	1	3
Lower prices	1	1	1	1	2	2	3	8	11	6	3	4	3
Easier credit	8	6	4	6	7	9	8	15	17	11	9	11	7
UNFAVORABLE NEWS:													
Government; elections	4	5	5	4	5	5	3	3	3	3	4	5	5
Unemployment	24	21	23	21	20	18	21	23	20	20	18	19	21
Lower consumer demand	3	2	1	2	5	3	1	2	2	3	2	1	2
Higher prices	2	1	1	2	2	2	1	1	1	2	1	*	3
Tighter credit	1	1	1	2	2	1	*	*	1	1	2	1	1
Energy crisis	*	*	*	*	*	*	*	*	*	1	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

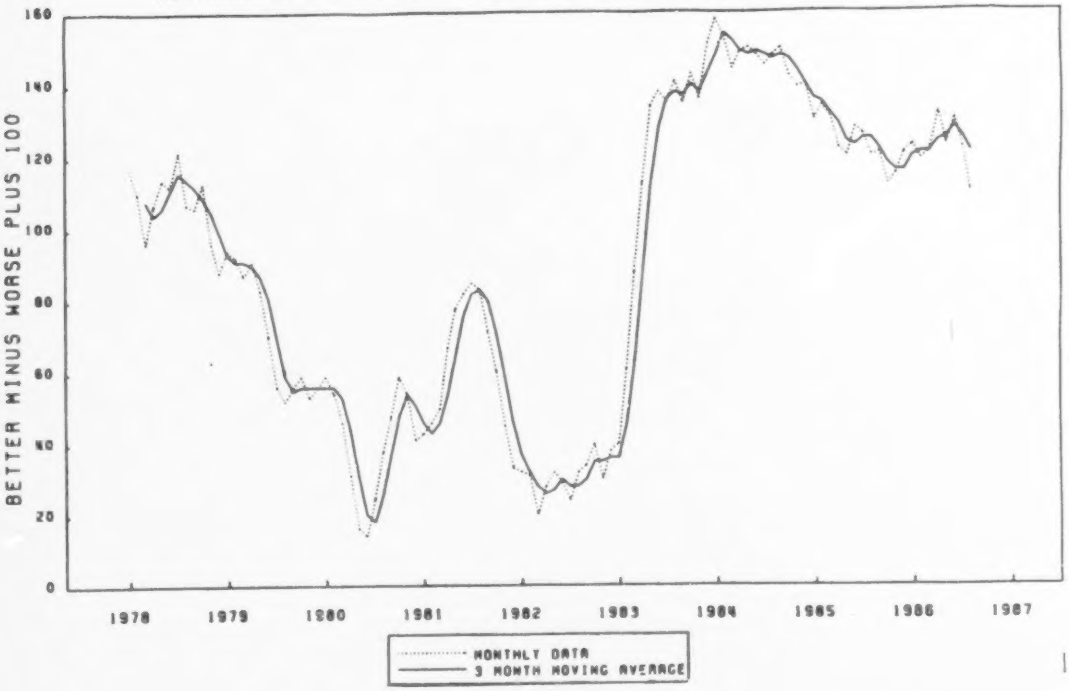


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

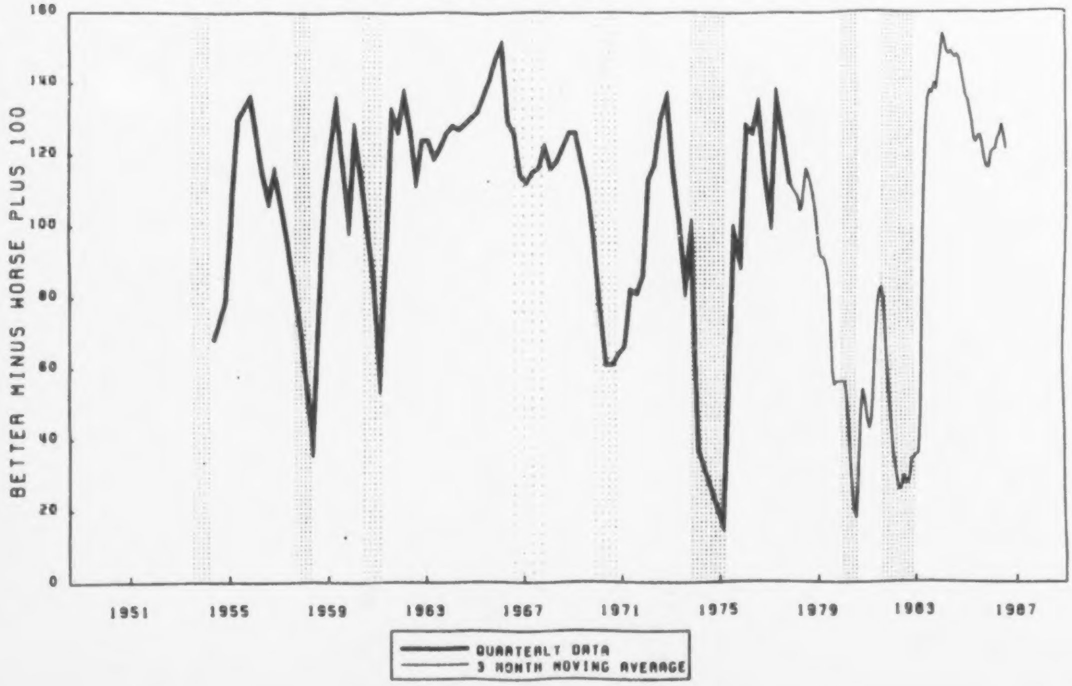


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
BETTER NOW	51%	52%	47%	50%	52%	52%	51%	53%	61%	54%	60%	53%	47%
SAME	16	14	16	12	16	17	15	13	9	13	8	14	14
WORSE NOW	31	31	35	35	31	29	32	32	29	31	30	31	37
DK,NA	2	3	2	3	1	2	2	2	1	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

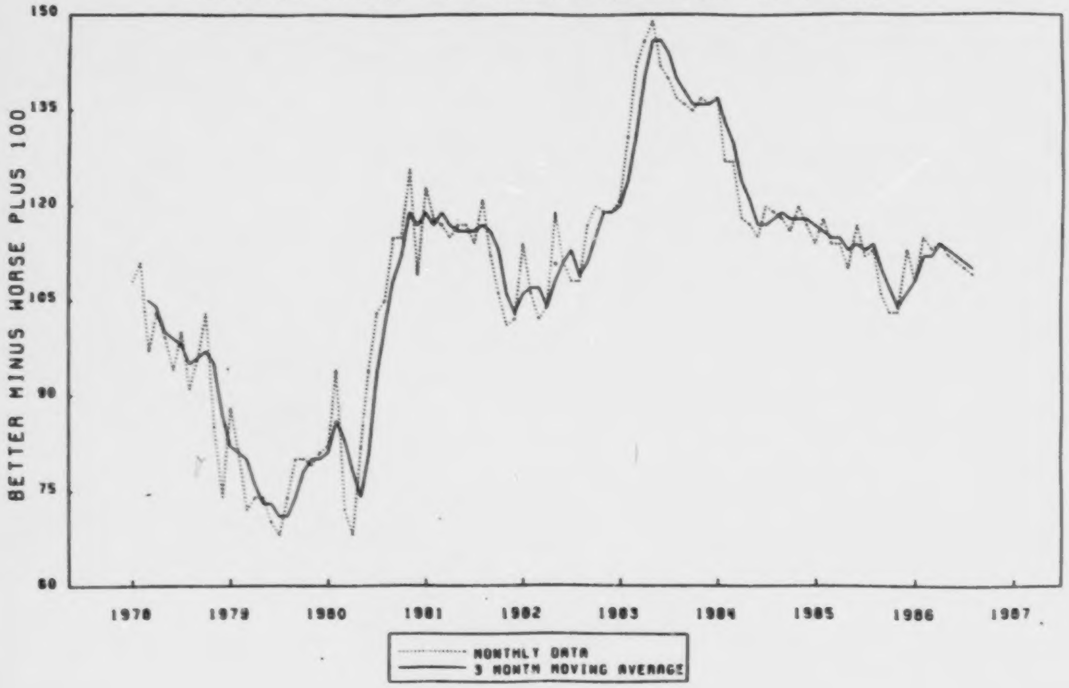


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

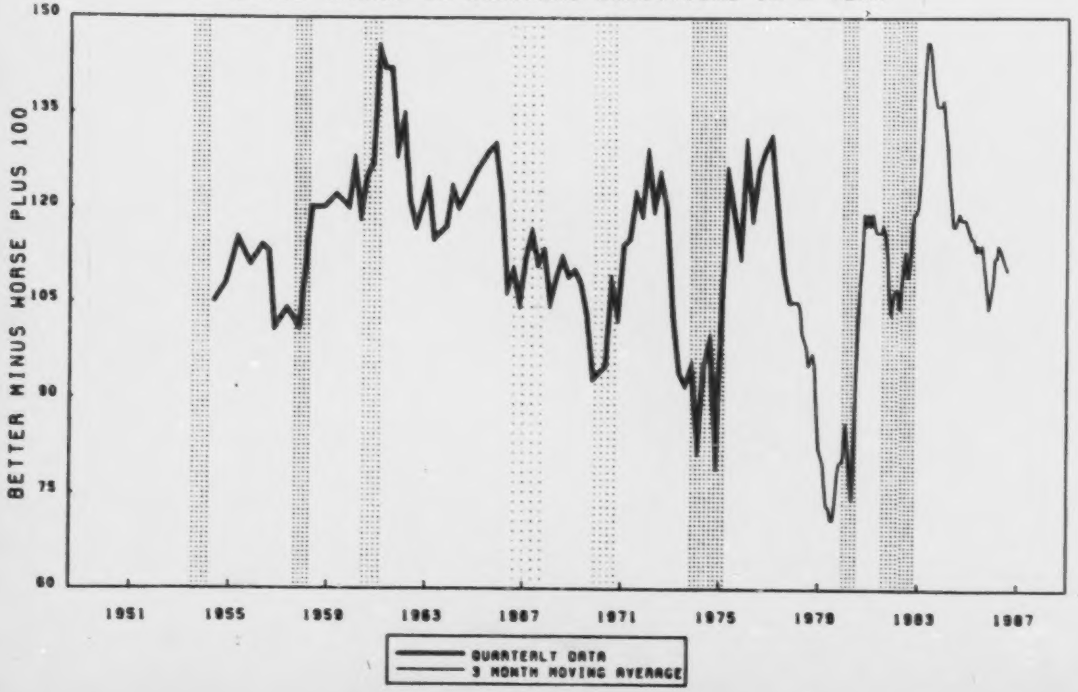


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Aug. 1985	Sept-Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
BETTER	27%	23%	23%	21%	27%	24%	27%	29%	29%	26%	25%	24%	26%
SAME	57	58	54	59	58	58	59	53	55	57	60	60	56
WORSE	14	17	20	18	14	16	12	16	15	14	14	14	17
DK,NA	2	2	3	2	1	2	2	2	1	3	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

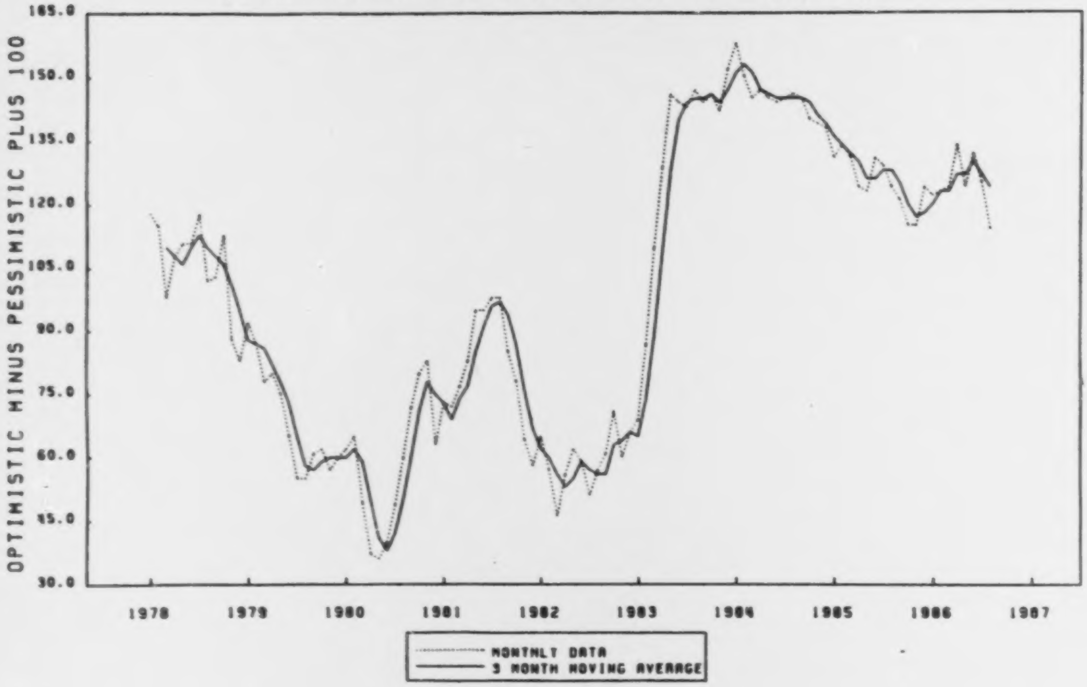


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

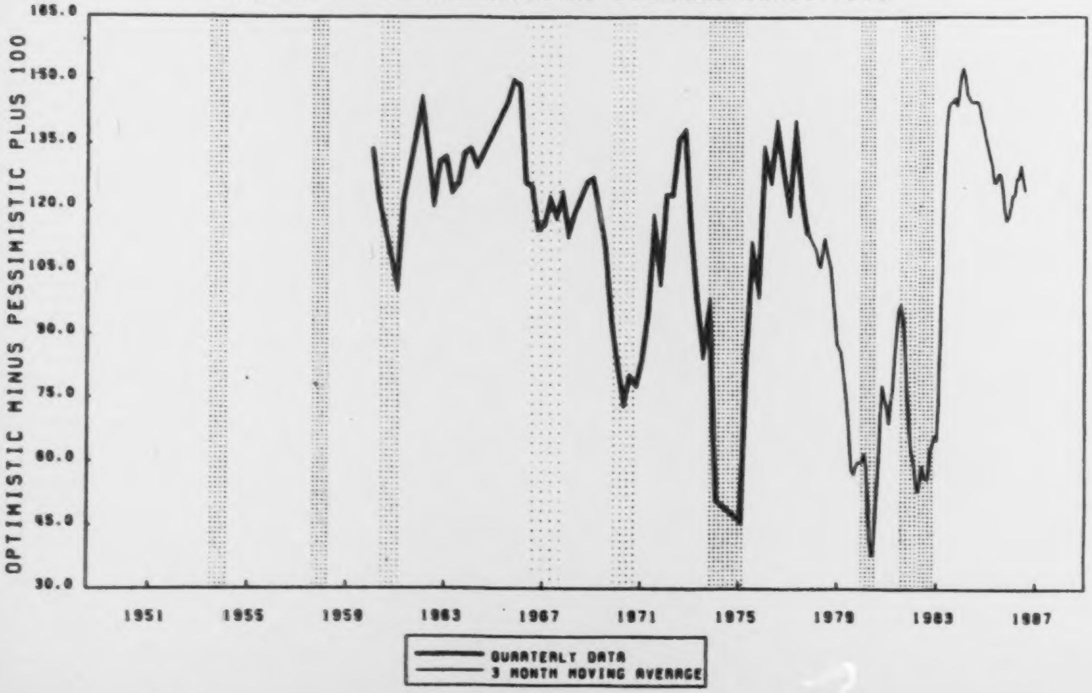


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
TREND:													
Continuous increase (a)	19%	16%	16%	14%	19%	16%	19%	20%	23%	19%	18%	16%	17%
Intermittant increase (b)	33	34	31	34	33	33	33	32	35	33	41	36	29
Remain unchanged (c)	10	9	10	8	10	11	10	7	7	8	5	10	10
Intermittant decline (d)	18	19	18	21	19	19	20	18	14	20	17	18	20
Continuous decline (e)	10	10	14	12	9	8	9	10	10	8	10	9	12
Mixed change (f)	7	8	7	7	7	10	6	10	8	9	7	8	9
DK,NA	3	4	4	4	3	3	3	3	3	3	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

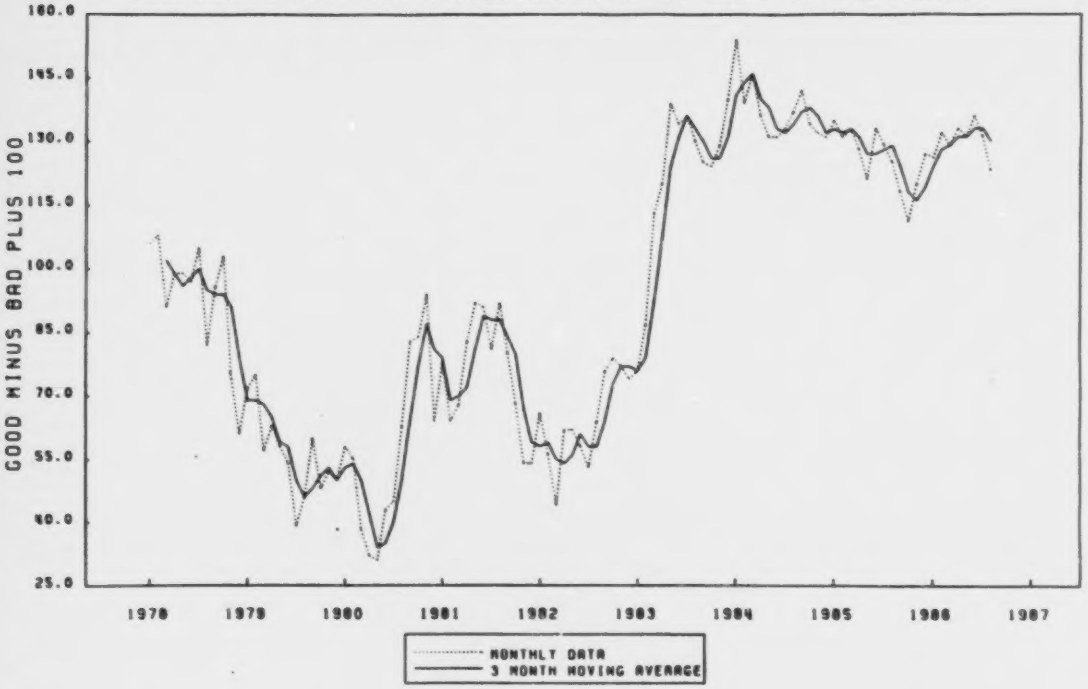


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

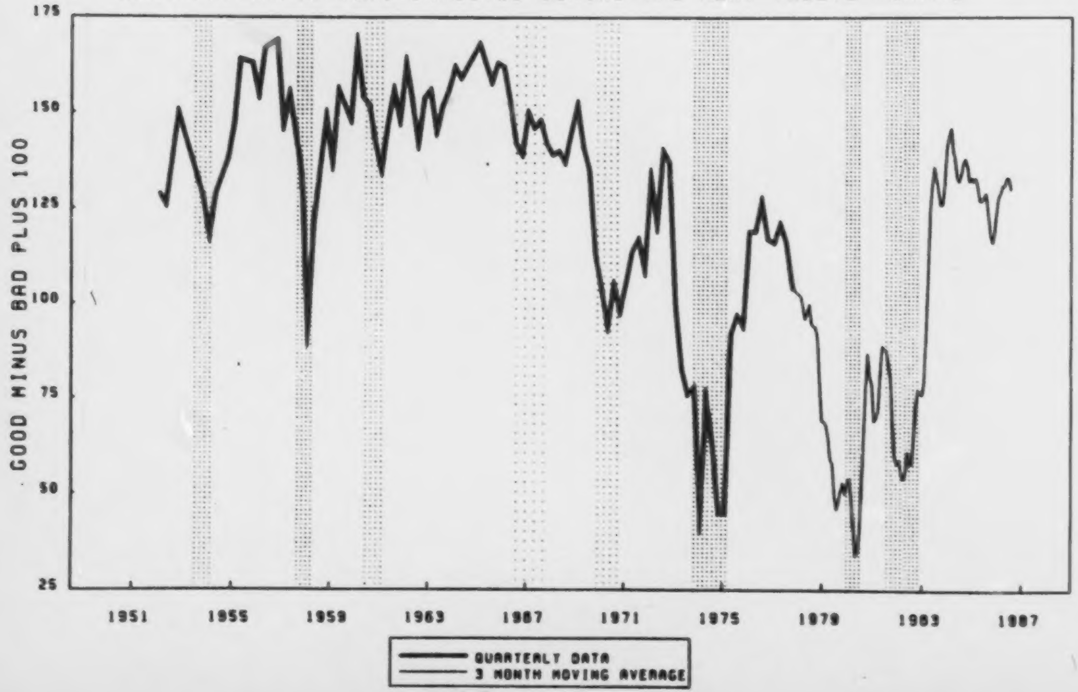


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIMES	57%	52%	49%	53%	57%	58%	61%	58%	61%	60%	62%	61%	55%
UNCERTAIN; GOOD & BAD	4	4	3	4	4	3	2	3	2	2	2	3	4
BAD TIMES	32	34	38	33	30	32	29	29	28	29	26	30	32
DON'T KNOW	4	8	5	6	7	5	4	7	6	5	6	4	5
NOT ASCERTAINED	3	2	5	4	2	2	4	3	3	4	4	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	661	652	656	656	658	658	655	658	665	653

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

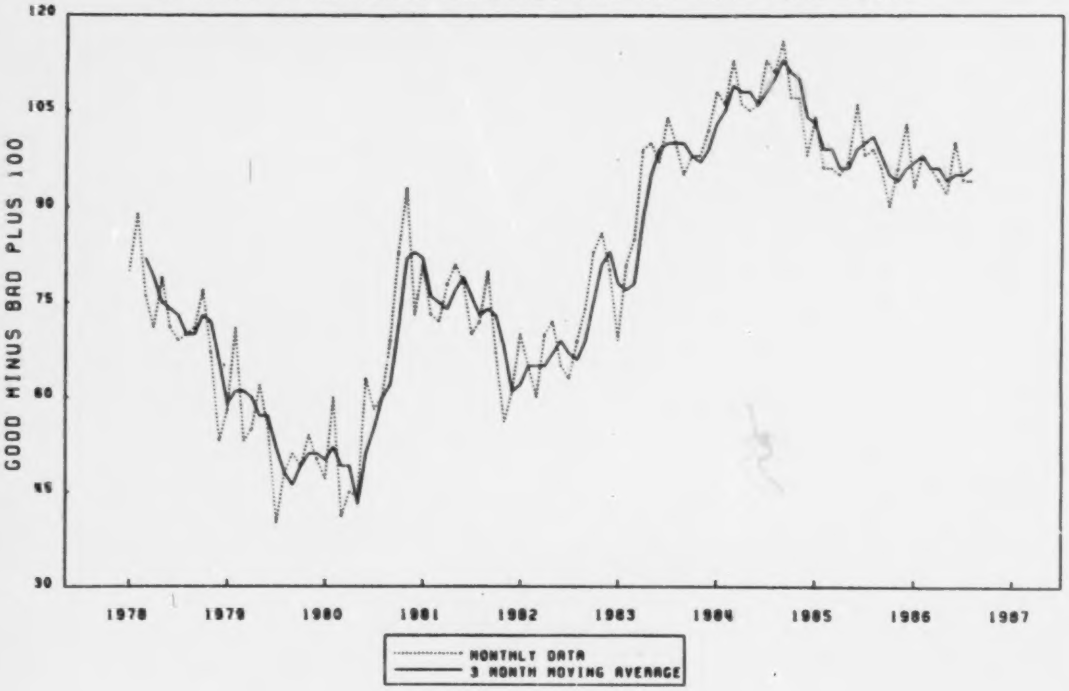


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

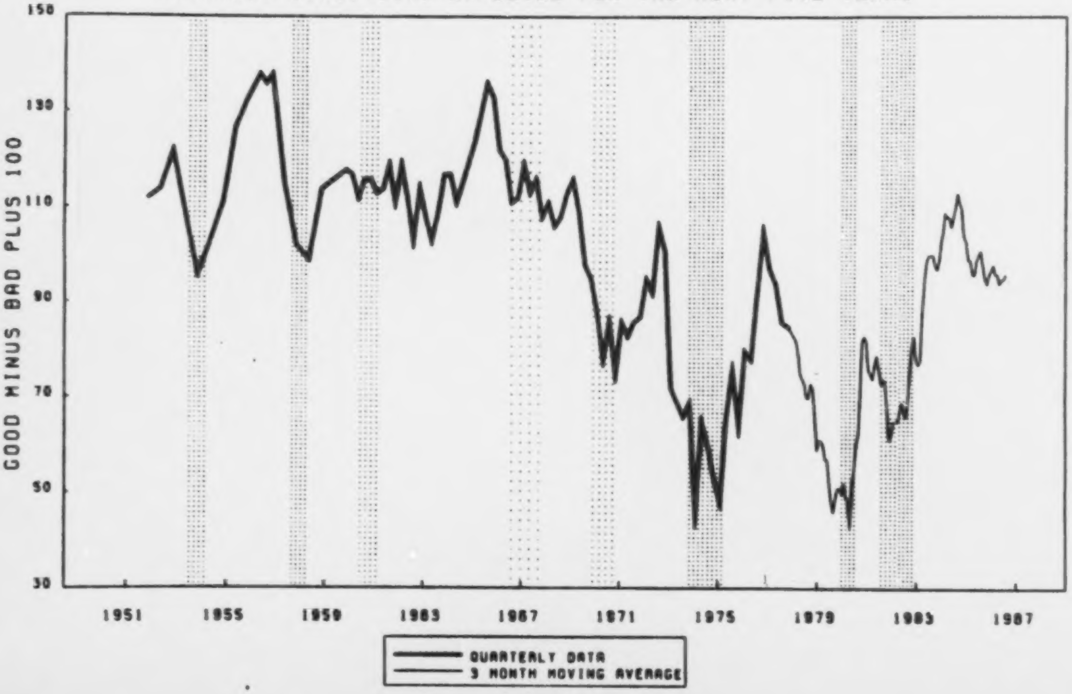


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIMES	41%	38%	35%	38%	40%	39%	42%	39%	36%	37%	40%	38%	39%
UNCERTAIN; GOOD & BAD	14	16	15	14	17	12	11	13	18	14	14	13	10
BAD TIMES	42	42	45	42	37	46	44	43	42	45	40	44	45
NOT ASCERTAINED	3	4	5	6	6	3	3	5	4	4	6	5	6
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "Looking ahead, which would you say is more likely—that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

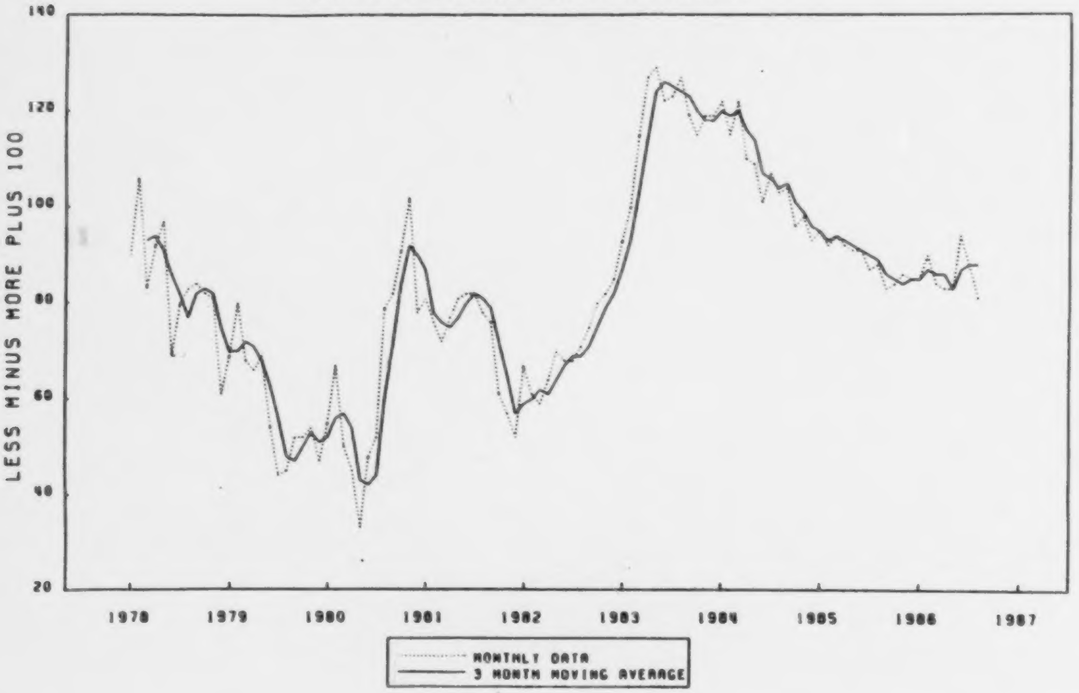


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

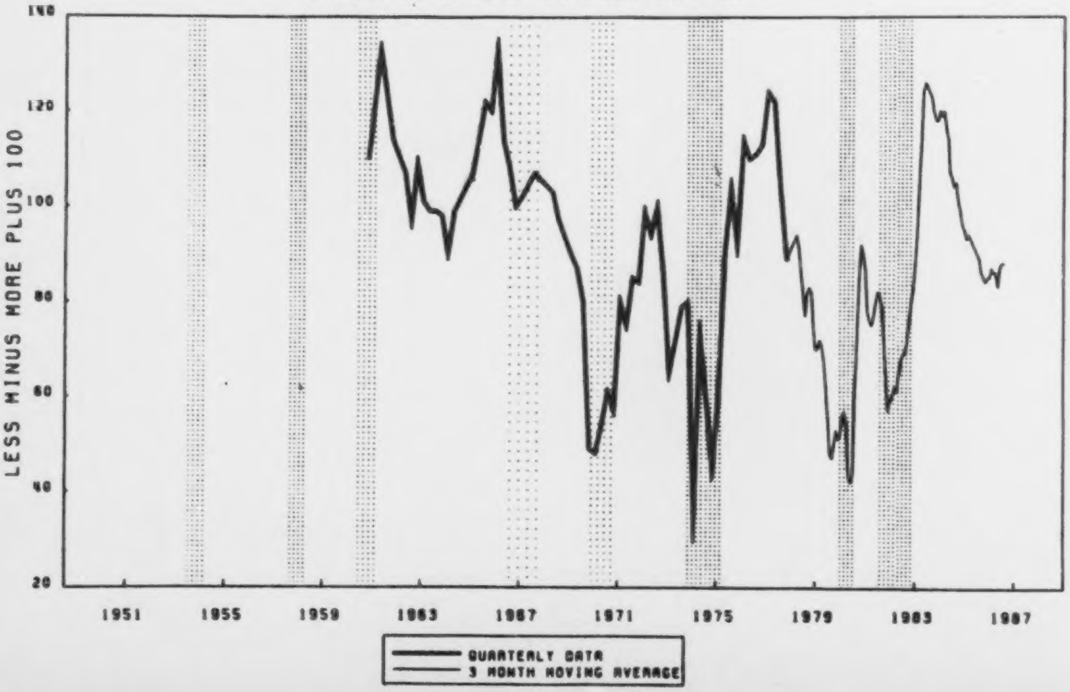


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
LESS	17%	14%	16%	15%	15%	15%	19%	17%	15%	14%	20%	15%	13%
SAME	52	53	51	54	54	54	51	48	51	54	53	56	54
MORE	29	31	32	29	30	30	29	33	32	31	26	27	32
DK,NA	2	2	1	2	1	1	1	2	2	1	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

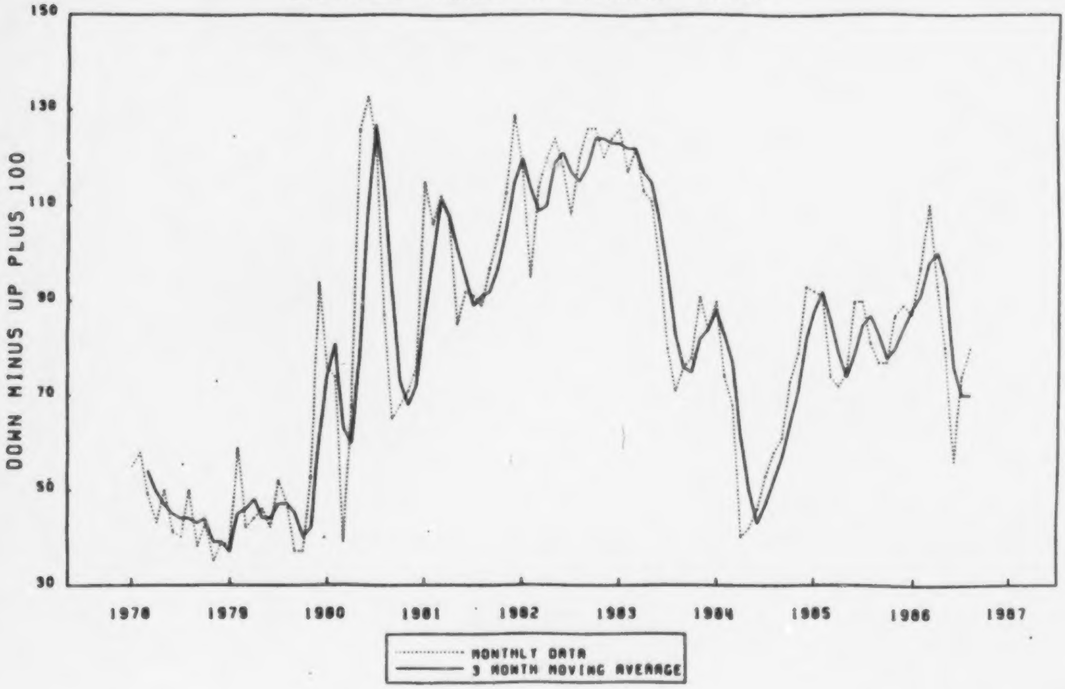


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

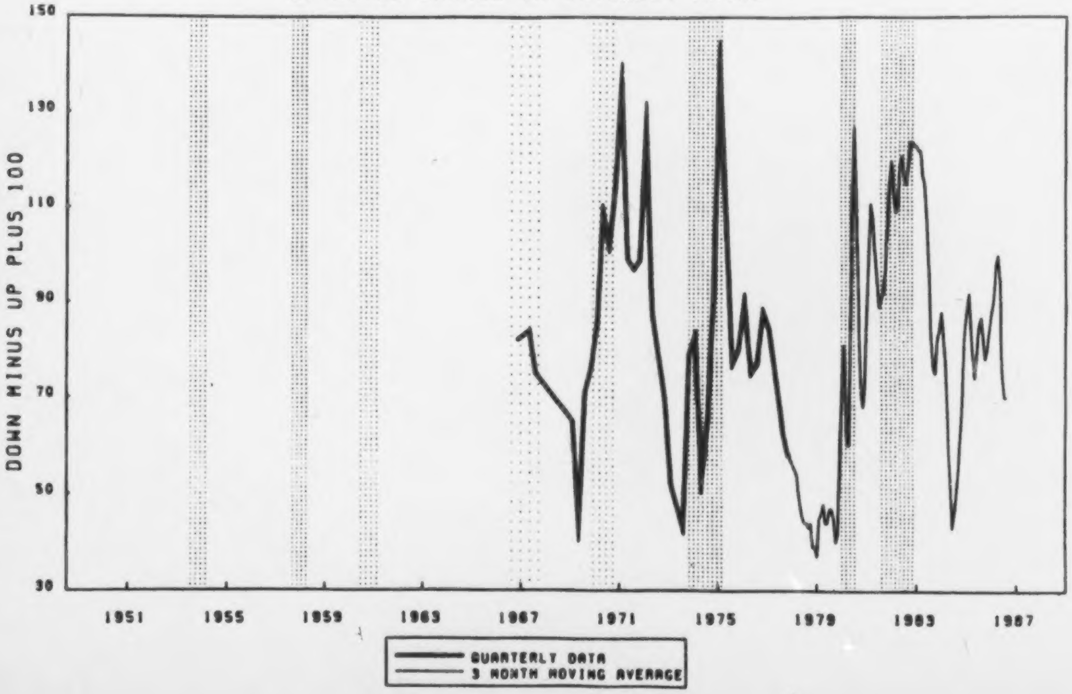


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GO UP	41%	43%	44%	36%	36%	38%	30%	26%	35%	41%	54%	45%	42%
STAY THE SAME	35	34	33	37	37	34	40	35	34	35	34	35	34
GO DOWN	22	20	21	23	25	25	27	36	28	21	10	19	22
DK,NA	2	3	2	4	2	3	3	3	3	3	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

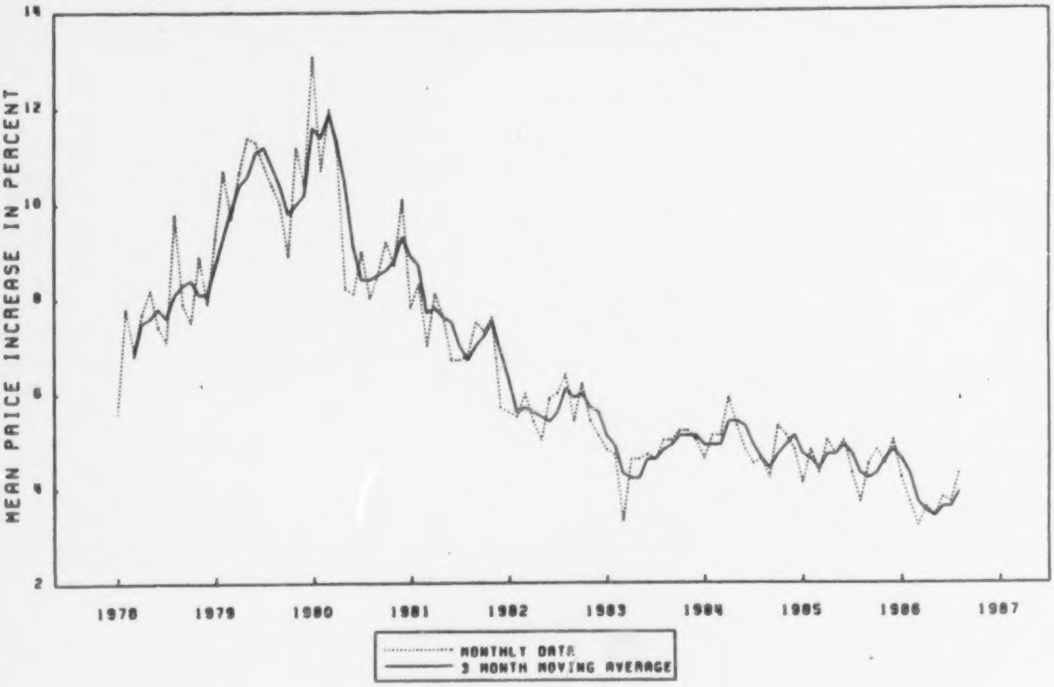


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

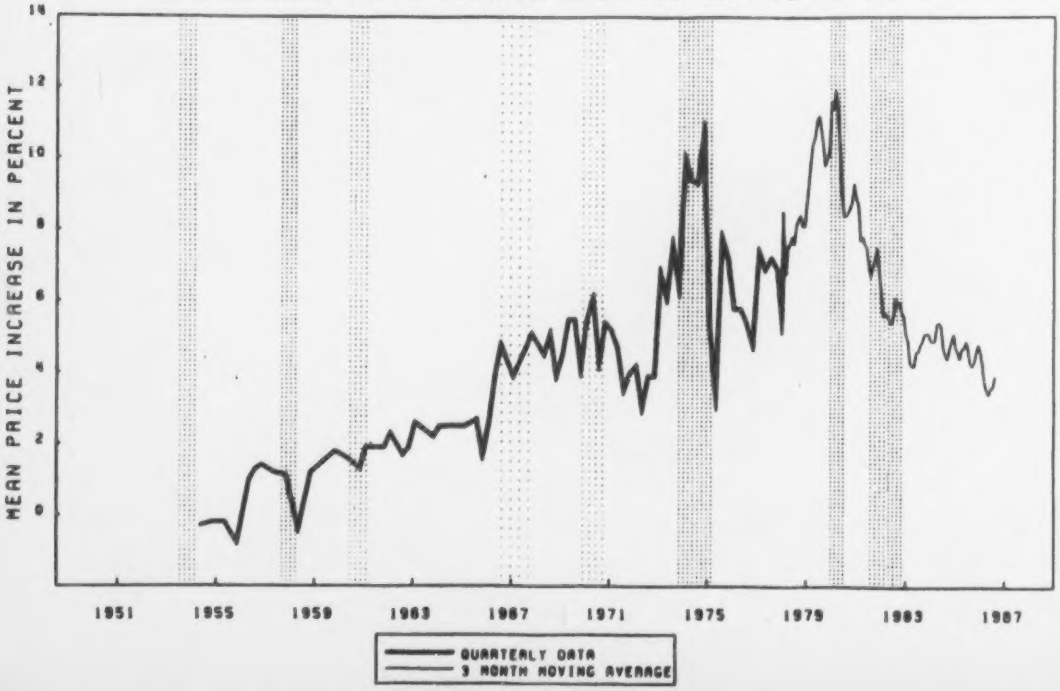


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
SAME OR DOWN	26%	26%	23%	25%	21%	24%	28%	36%	35%	31%	22%	29%	21%
WILL GO UP BY:													
1-2%	18	18	13	14	11	16	16	13	15	13	20	13	18
3-4%	21	17	21	20	22	24	19	16	18	22	20	23	24
5%	16	14	15	16	18	14	17	15	11	14	16	16	14
6-9%	6	6	6	6	6	6	6	4	5	5	6	5	7
10-14%	6	9	12	9	9	6	5	6	7	6	6	5	8
15% or more	4	5	5	5	7	5	3	3	4	3	4	4	4
DK how much up	2	3	4	3	5	4	4	6	4	4	5	4	4
DK,NA	1	2	1	2	1	1	2	1	1	2	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.7	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3
VARIANCE	21	46	41	42	43	47	38	39	42	27	23	32	38
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

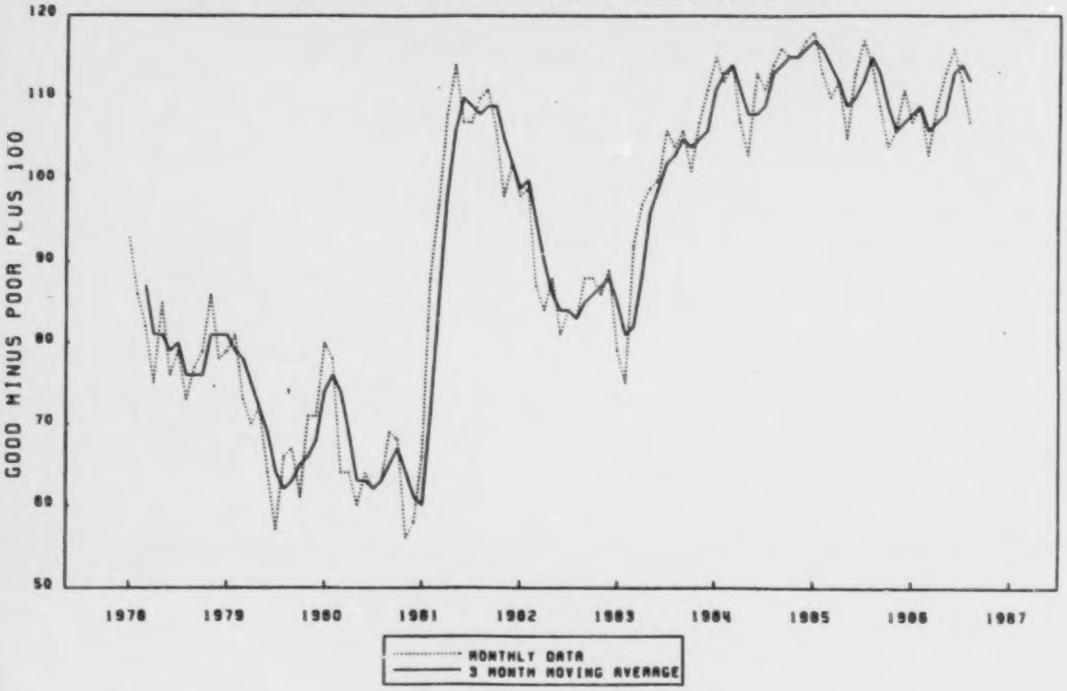


CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

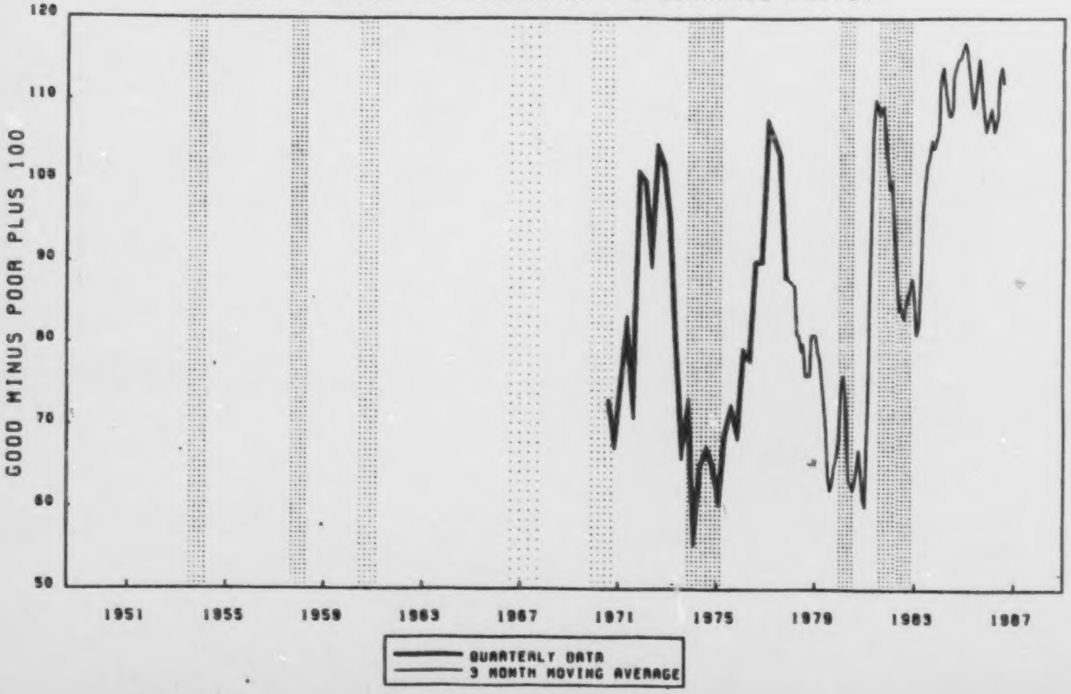


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
A GOOD JOB	29%	29%	25%	28%	28%	27%	29%	25%	29%	30%	33%	29%	28%
ONLY FAIR	53	49	50	48	53	52	48	51	50	49	49	52	50
A POOR JOB	15	20	21	22	17	20	20	22	20	17	17	17	21
DK,NA	3	2	4	2	2	1	3	2	1	4	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

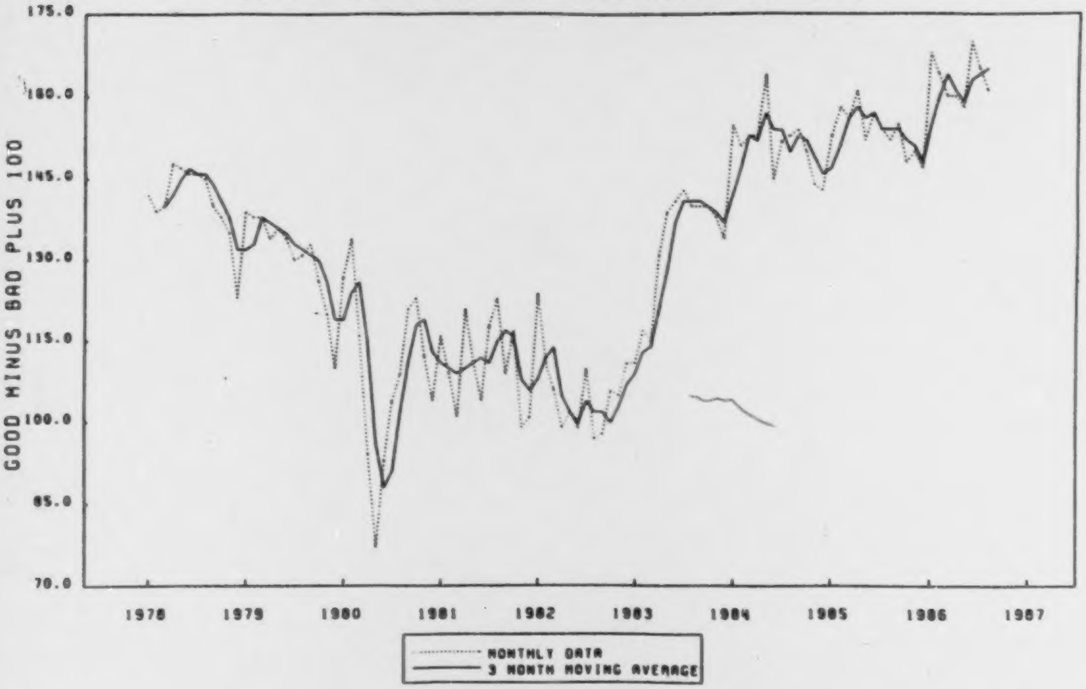


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

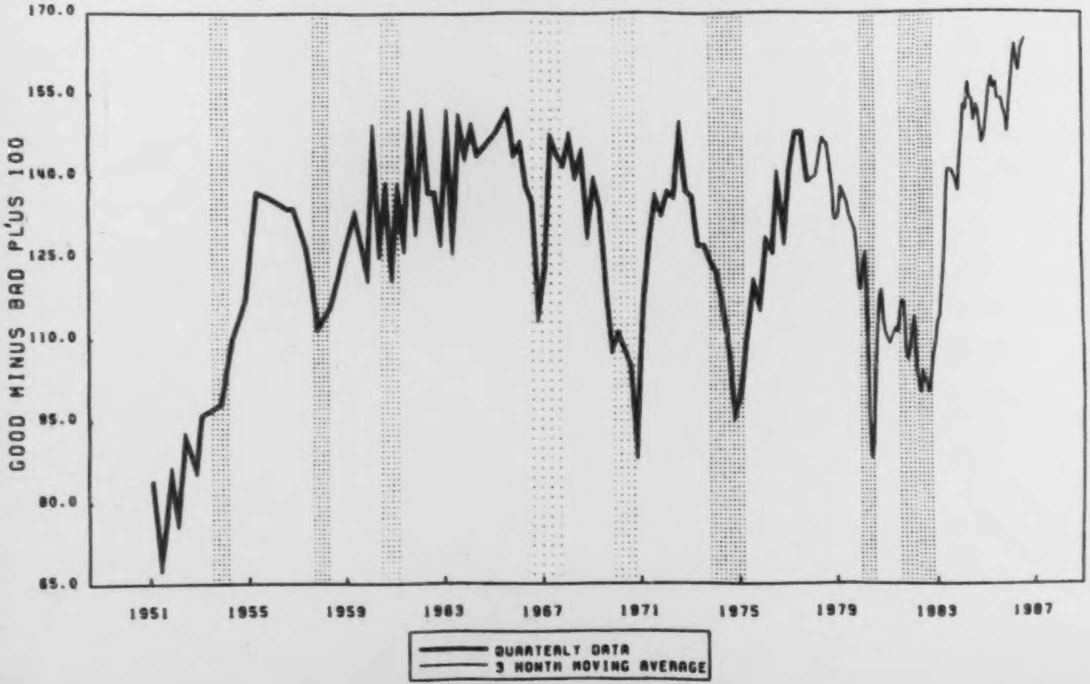


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY	69%	73%	69%	70%	69%	80%	78%	75%	75%	75%	81%	79%	77%
UNCERTAIN, DEPENDS	14	9	10	10	9	8	8	10	10	8	8	7	7
BAD TIME TO BUY	17	18	21	20	22	12	14	15	15	17	11	14	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

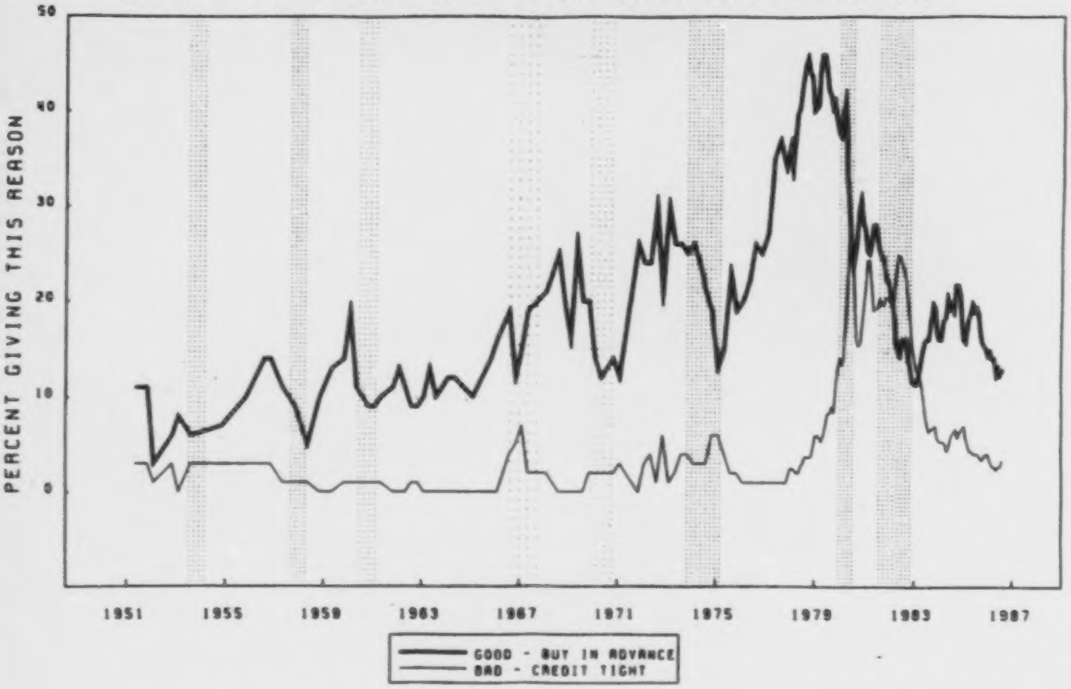


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

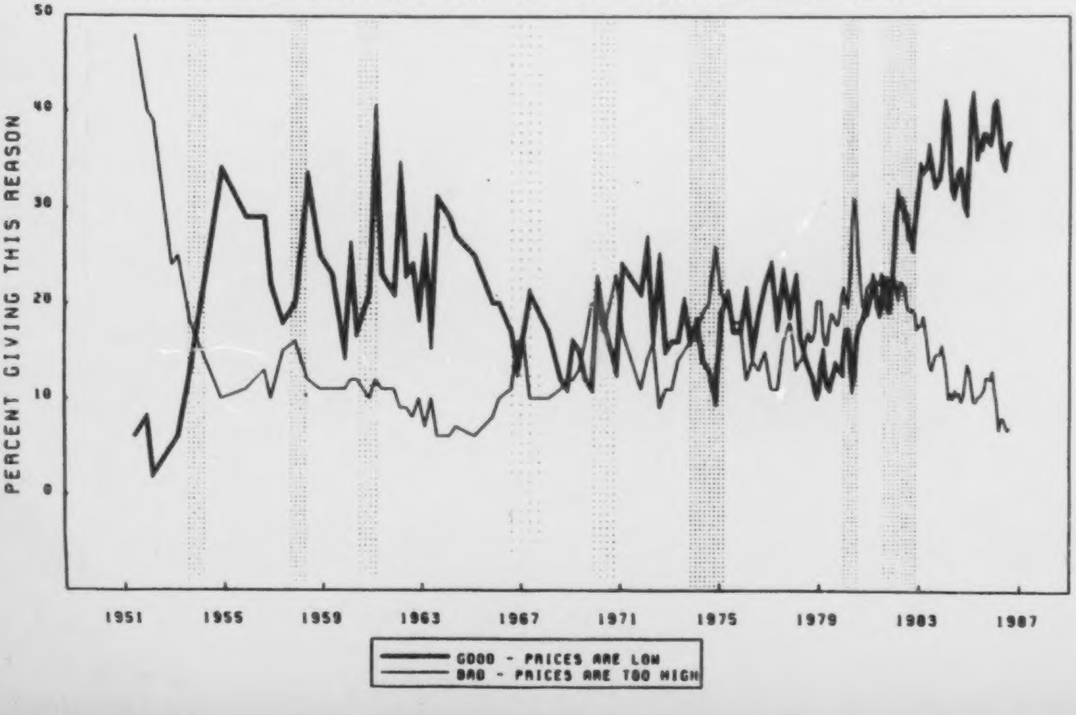


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	38%	39%	34%	37%	42%	43%	38%	37%	35%	33%	35%	40%	35%
Prices won't come down; are going higher	17	15	15	16	14	13	17	12	13	12	14	11	13
Interest rates low; credit is easy	15	14	15	12	12	18	20	21	29	31	31	26	26
BAD TIME TO BUY:													
Prices are high	12	14	11	11	17	5	7	8	9	7	6	7	8
Interest rates are high; credit is tight	4	3	3	5	4	3	3	2	3	2	3	3	4
Lack of purchasing power	5	6	8	7	5	6	6	8	7	9	5	6	7

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

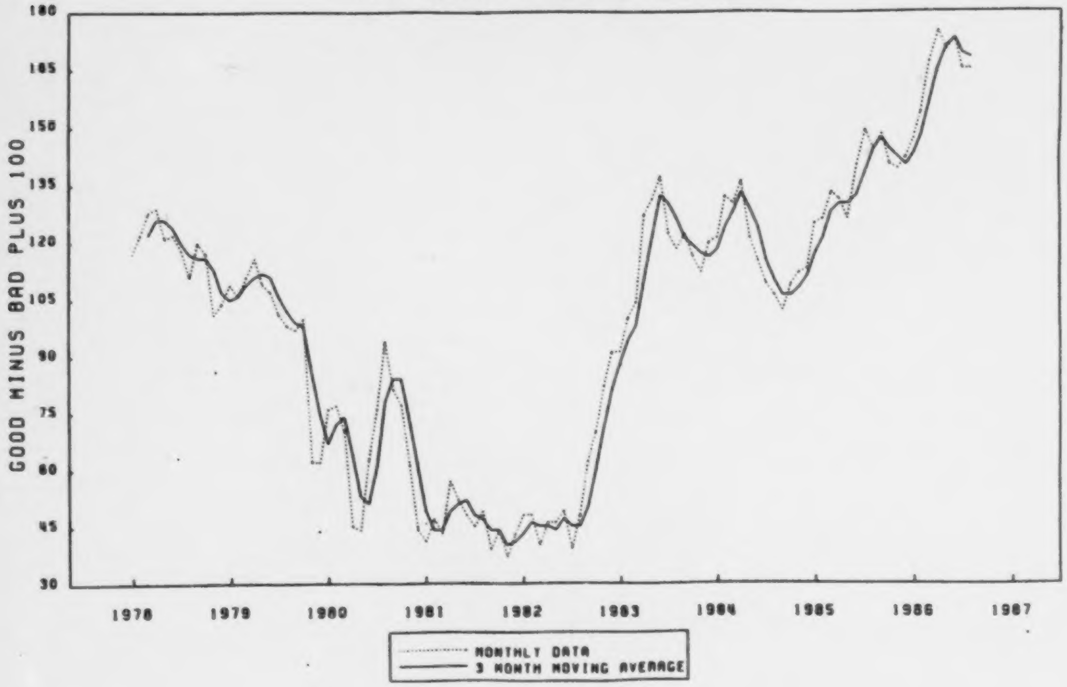


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

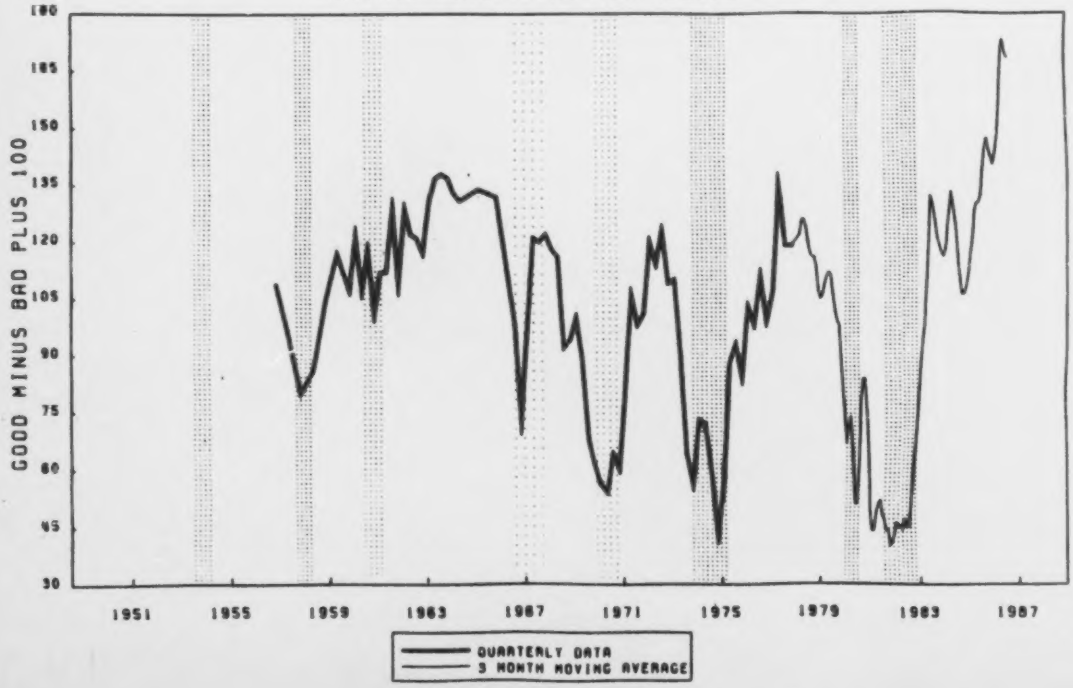


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY	69%	72%	68%	67%	68%	72%	76%	82%	86%	83%	86%	82%	81%
UNCERTAIN, DEPENDS	6	4	4	5	6	3	2	3	3	4	1	1	3
BAD TIME TO BUY	25	24	28	28	26	25	22	15	11	13	13	17	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

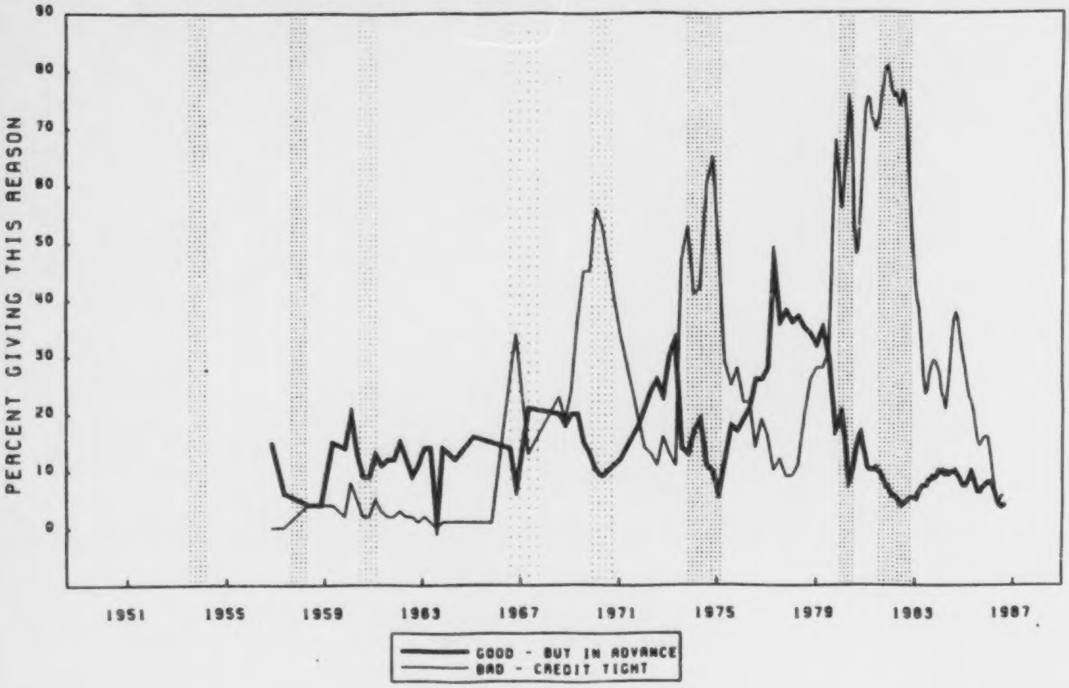


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

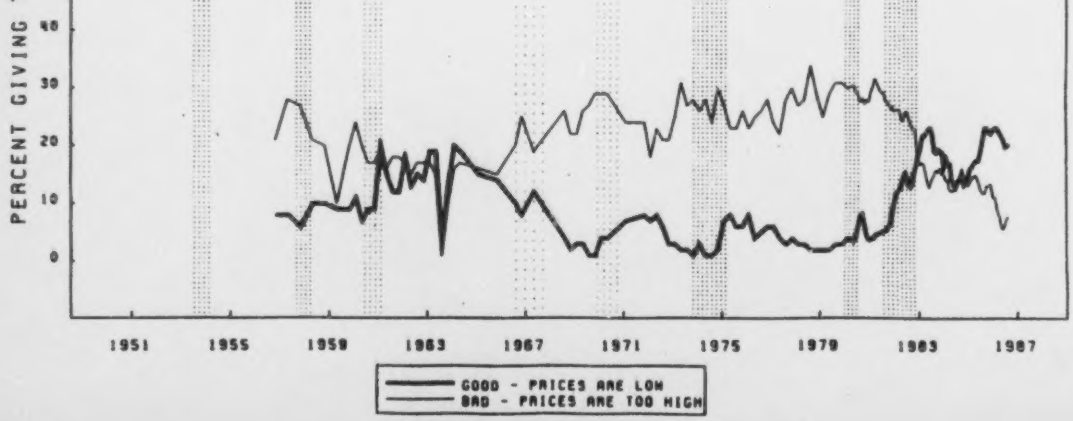


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	24%	22%	21%	23%	24%	22%	23%	22%	20%	21%	18%	21%
Prices won't come down; are going higher	7	7	7	8	8	8	8	6	5	3	4	4	4
Interest rates low; credit is easy	58	56	55	52	53	60	64	76	83	80	83	77	78
Good investment	7	4	6	4	5	6	4	5	3	3	3	5	3
BAD TIME TO BUY:													
Prices are high	12	12	15	12	13	8	12	6	5	6	6	9	8
Interest rates are high; credit is tight	16	14	15	18	15	14	11	5	4	5	5	7	5
Lack of purchasing power	9	9	10	10	6	10	8	8	6	6	6	7	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

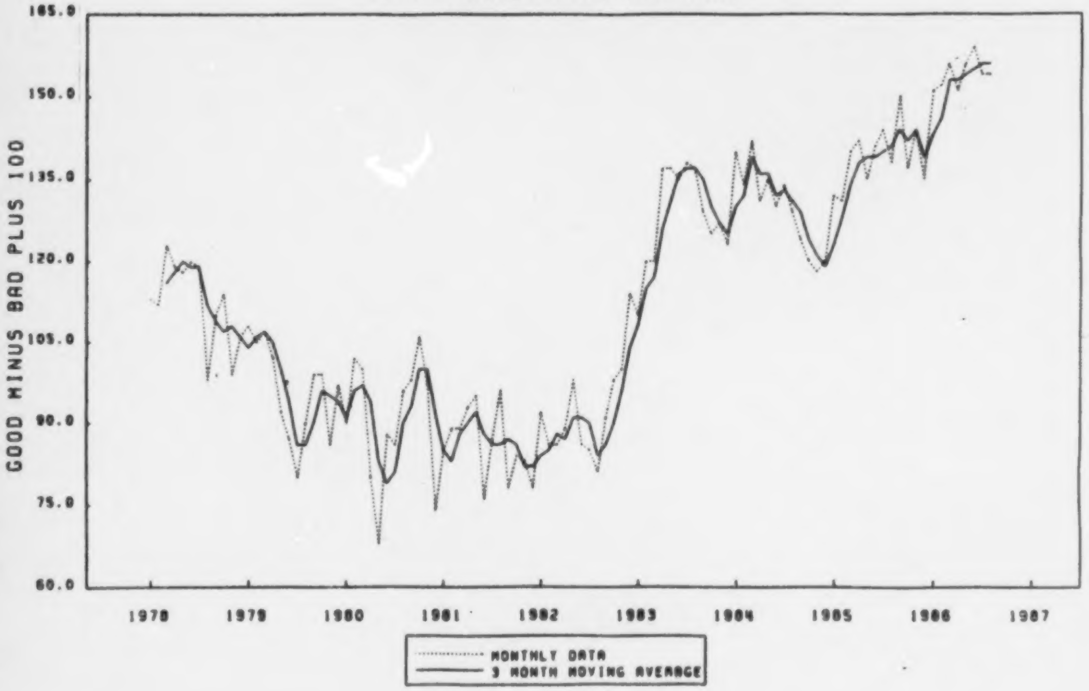


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

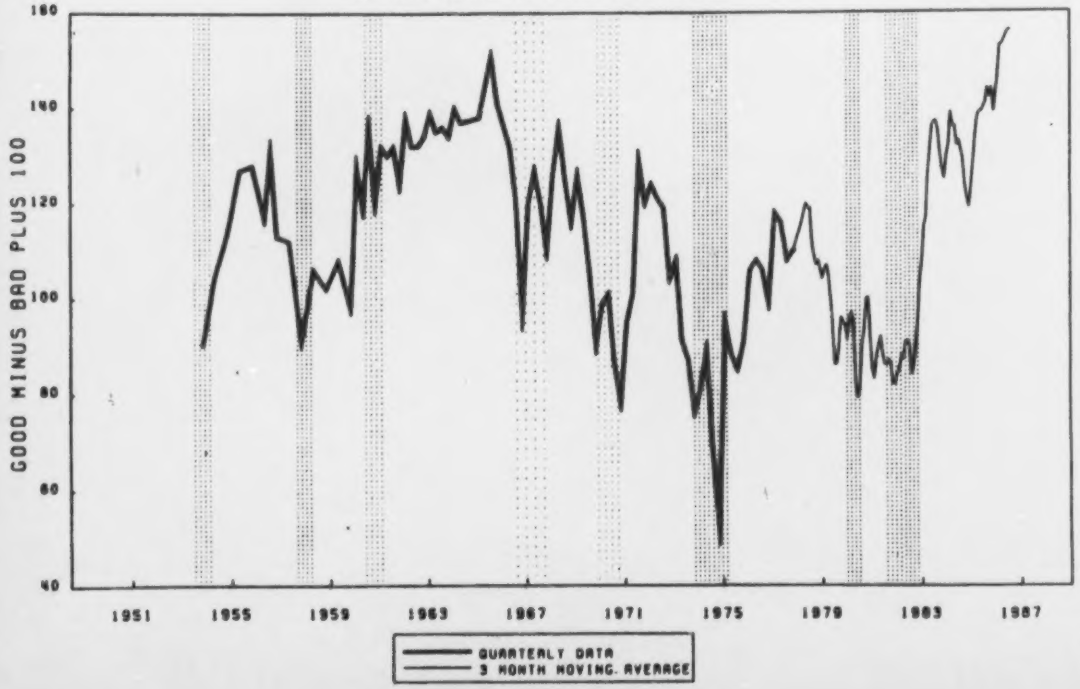


TABLE 25

BUYING CONDITIONS FOR CARS

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY	64%	72%	65%	68%	63%	71%	73%	74%	73%	75%	77%	74%	73%
UNCERTAIN; DEPENDS	10	6	7	8	9	9	6	8	5	6	5	6	8
BAD TIME TO BUY	26	22	28	24	28	20	21	18	22	19	18	20	19
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	650	654	652	651	652	656	656	658	658	655	658	665	653

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

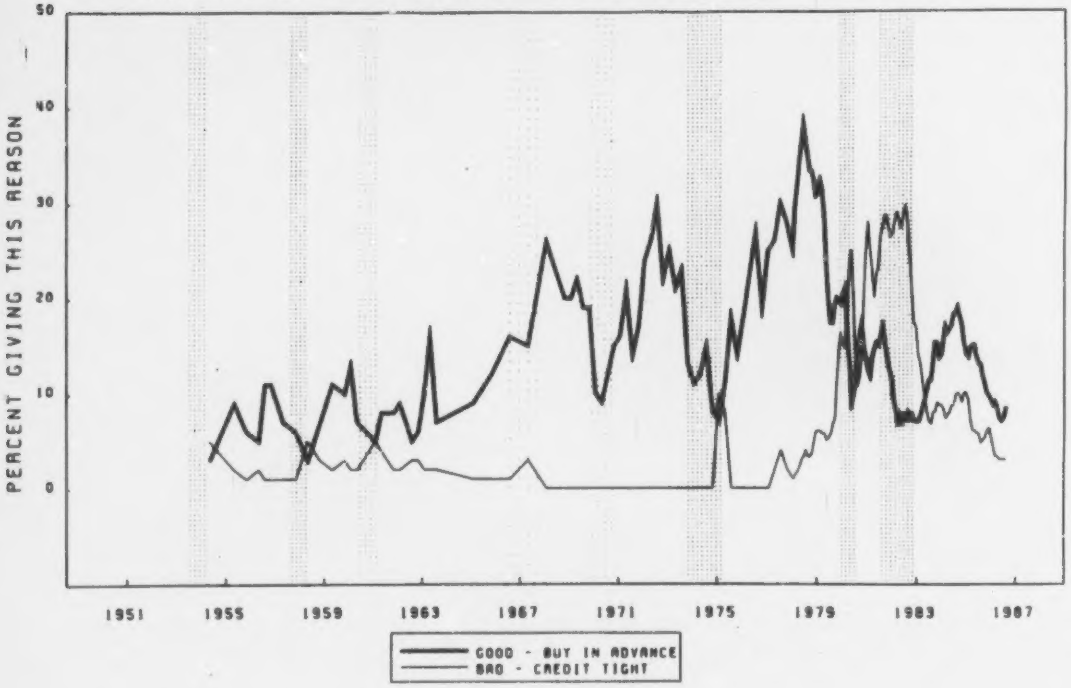


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

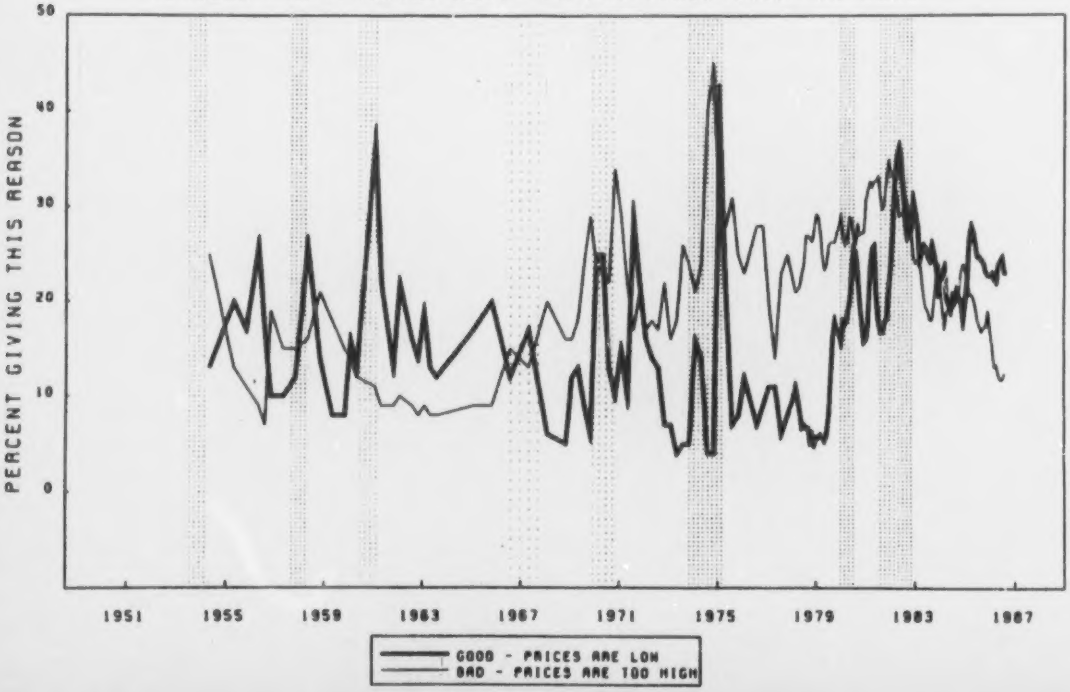


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Aug. 1985	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	25%	23%	21%	24%	23%	22%	22%	22%	28%	23%	23%	23%
Prices won't come down; are going higher	14	9	10	11	8	9	9	9	7	6	8	8	9
Interest rates low; credit is easy	36	46	41	40	37	51	53	54	54	58	62	53	52
New fuel efficient models	1	1	1	2	1	*	1	*	1	*	*	1	*
BAD TIME TO BUY:													
Prices are high	18	15	19	18	20	13	13	13	14	10	11	14	12
Interest rates are high; credit is tight	5	5	6	7	6	3	4	3	3	3	3	3	3
Lack of purchasing power	4	4	6	4	4	5	5	4	6	6	4	5	5
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	3	3	1	4	4	2	3	2	2	2	3	1

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

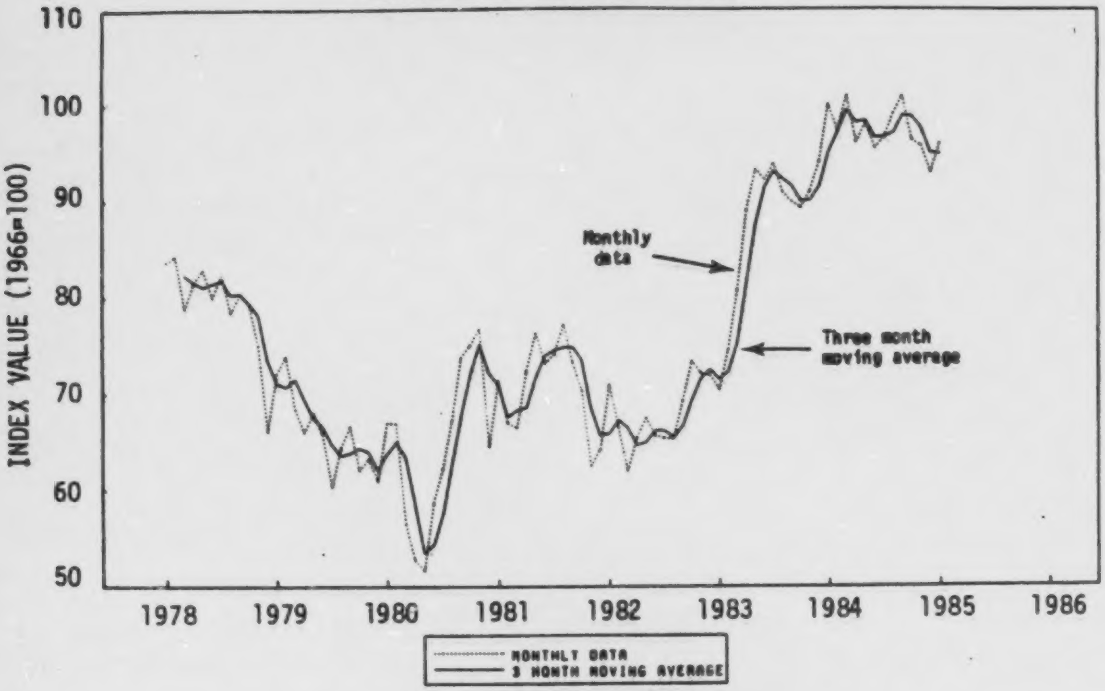
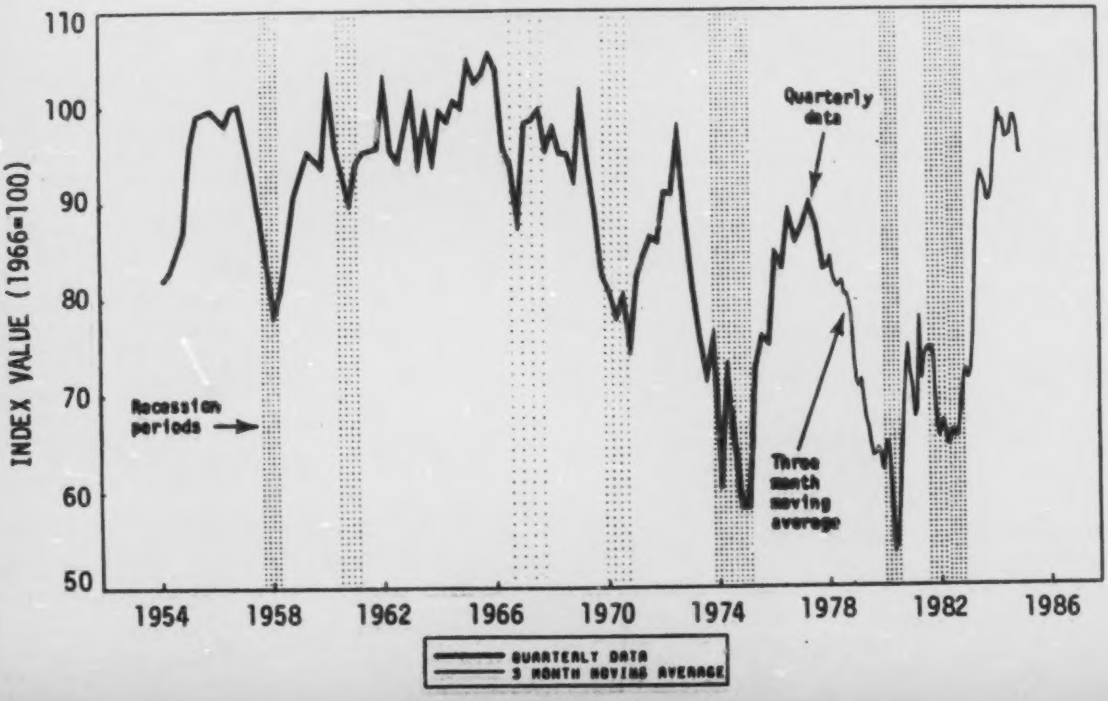


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA:	Data collected by surveys conducted at three-month intervals before 1978.
MONTHLY DATA:	Data collected by surveys conducted each month since January of 1978.
THREE-MONTH MOVING AVERAGE:	Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	-	October	1949
	July	1953	-	May	1954
	August	1957	-	April	1958
	April	1960	-	February	1961
	June	1966	-	November	1967*
	December	1969	-	November	1970
	November	1973	-	March	1975
	January	1980	-	July	1980
	July	1981	-	November	1982

Notes:

RECESSION PERIOD:	Reduction in the national output of goods and services, generally lasting at least two quarters.
*GROWTH RECESSION:	Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews 700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

September 5, 1986

AUGUST 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CONSUMER SENTIMENT SLIPS BUT STILL FAVORABLE

- In the August 1986 survey, the Index of Consumer Sentiment stood at 94.9, between the 97.7 recorded one month earlier and the 92.4 recorded one year earlier. Among families with incomes of $30,000 or more, the Index was 105.0, down from 109.6 one month earlier and 106.7 one year earlier.

- Consumer's evaluations of their personal financial situation remained favorable in the most recent survey. Among all families, 46 percent reported in the August 1986 survey that their financial situation had improved, down from 49 percent in July, but above the 41 percent recorded one year earlier. The small one month decline can be traced to fewer reports of income increases, while the small improvement from one year earlier was due to declines in inflation.

- Income increases were expected by 62 percent of all families in the August 1986 survey, up from 57 percent one year earlier. The median size of the expected increase in family income, however, remained small, and only marginally above the median expected increase in prices—3.3% versus 3.1%. As a result, nearly half of all families (48 percent) expected their financial situation to remain unchanged on balance during the year ahead.

- The news heard by consumers of recent developments in the economy have grown increasingly unfavorable. Unfavorable news items outnumbered favorable items by the margin of 53 to 33 percent in the August 1986 survey, with reports of increases in unemployment the most commonly reported problem. The proportion of families that thought that the overall economy had improved during the past year fell to 47 percent in August 1986, from 53 percent in July, and the second quarter average of 58 percent. Most families expected the sluggish performance of the economy to continue during the year ahead in the August 1986 survey (56 percent).

- Consumer attitudes toward buying conditions for vehicles, homes, and large household durables have receded from peak levels recorded two months earlier, but still remained at very favorable levels. In the August 1986 survey, 81 percent thought that buying conditions for homes were favorable, down from the all-time peak of 86 percent, but still above the 69 percent recorded one year earlier. Favorable car buying conditions were reported by 73 percent in August, down from the all-time peak of 77 percent, and still above the 64 percent recorded one year earlier. Buying conditions for large household durables were viewed favorably by 77 percent of all families in the August 1986 survey, below the all-time peak of 81 percent, but above the 69 percent recorded one year earlier.

- Over the past several years, vehicle manufactures have used interest rate discounts to promote sales. Starting from the record levels interest rates reached during the last recession, a long series of gradually lower and lower interest rates have been offered. That progression has now been exhausted; and a new low reference level for consumers has now been established. Although this implies that the very favorable views consumers now have of buying conditions for vehicles are vulnerable to reversal, it has also reinforced the expectation among consumers that discounts will continue to be used in the future. Since consumers are now willing to postpone purchases in anticipation of future discounts, as well as speed up purchases to take advantage of current discounts, if sharp increases follow these record low rates, similarly sharp increases in the postponement of purchases are also likely to occur. Moreover, the lower rates on vehicle loans act to increase consumers' resistance to the higher rates charged on other types of loans. And more generally, it has heightened the expectation that discounts will be increasingly used by other retailers as well. This is why consumers have maintained a favorable outlook for spending, despite the expectation of slow economic growth: sluggish growth means aggressive discounts.

Monitoring Economic Change Program
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SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

SEPTEMBER 1986

The September 1986 survey is the 218th in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

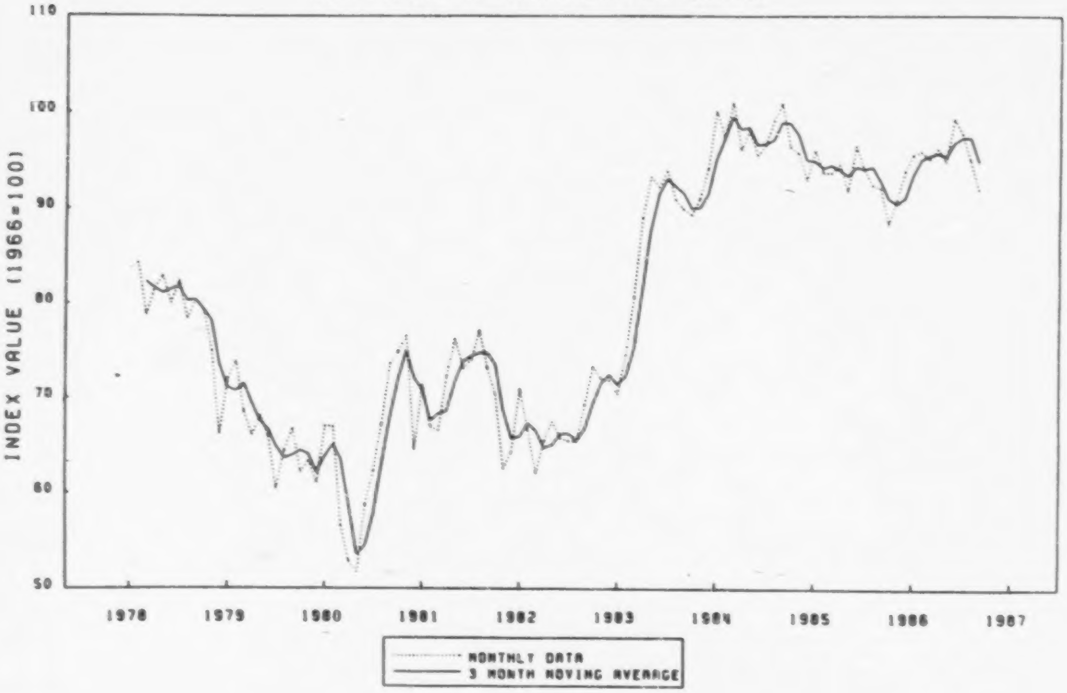


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

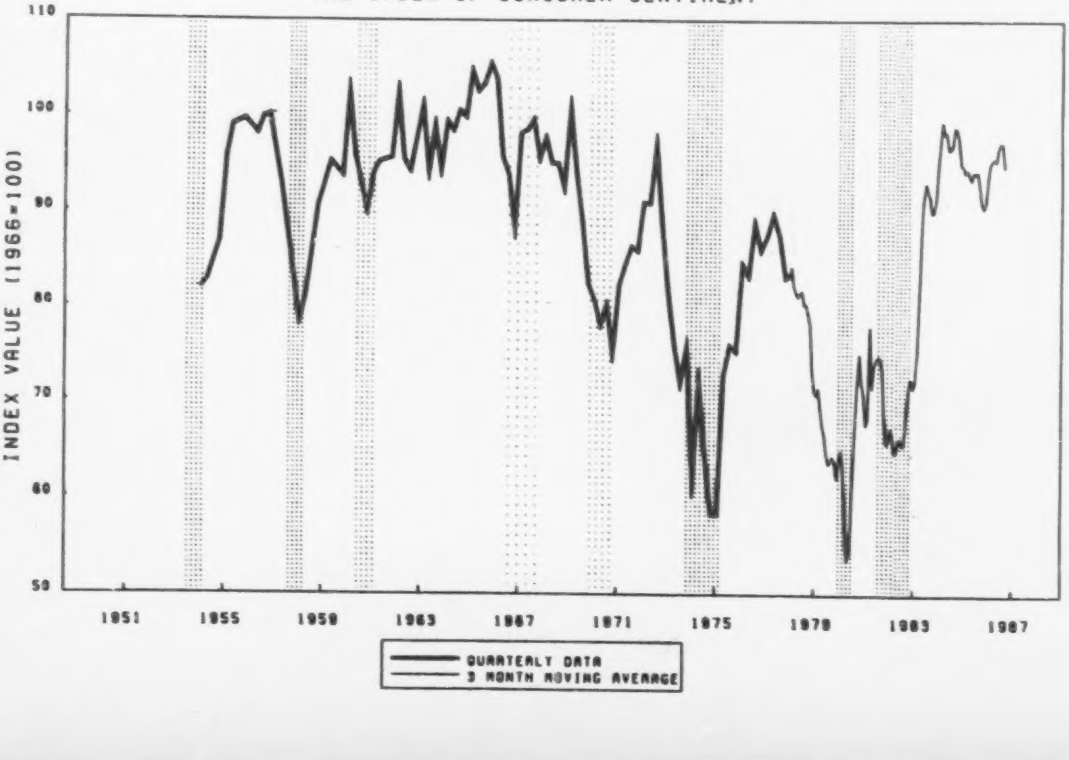


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
September 1983	89.9	103.7	
October 1983	89.3	103.6	
November 1983	91.1	100.3	
December 1983	94.2	105.4	
January 1984	100.1	115.6	
February 1984	97.4	114.3	
March 1984	101.0	117.8	
April 1984	96.1	107.0	
May 1984	98.1	107.8	
June 1984	95.5	105.5	
July 1984	96.6	102.7	
August 1984	99.1	113.3	
September 1984	100.9	110.8	
October 1984	96.3	113.5	
November 1984	95.7	112.9	
December 1984	92.9	101.5	
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1

CHART 2A - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

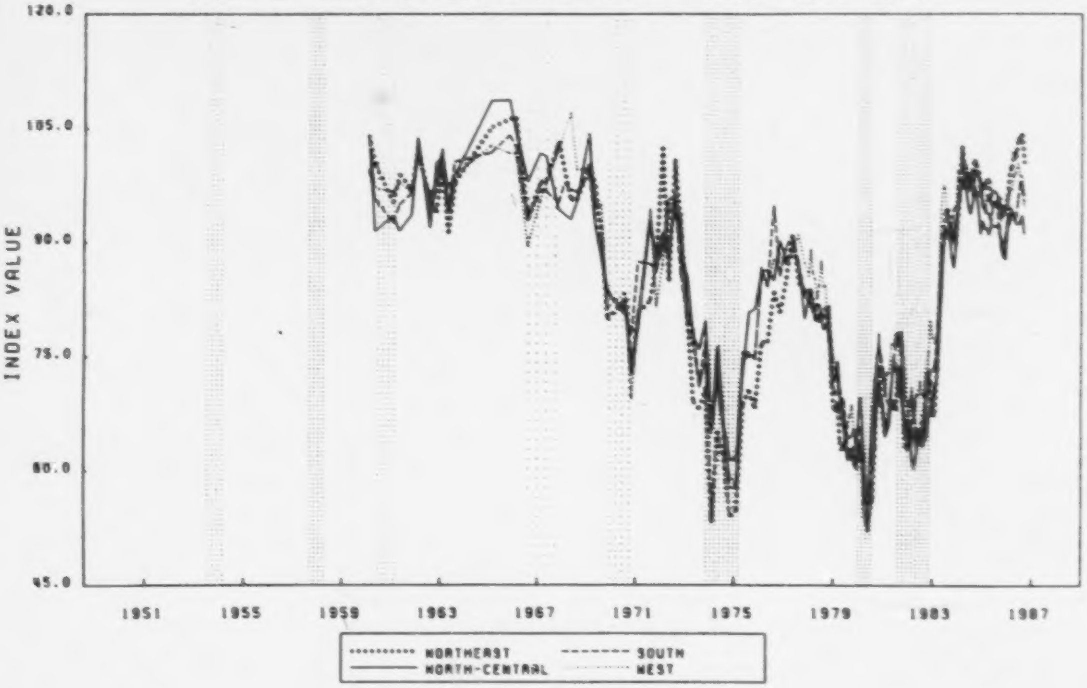


CHART 2B - HISTORICAL SERIES
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

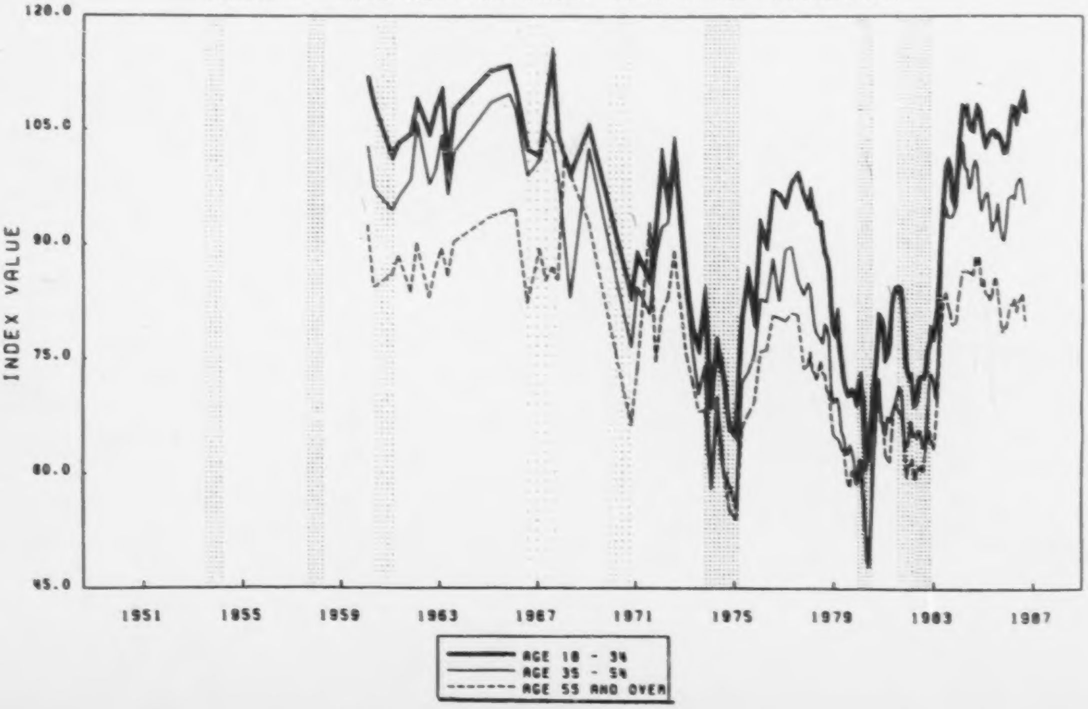


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
September 1983	92.6	87.8	89.3	90.8	94.8	94.5	80.9
October 1983	89.9	83.7	91.5	93.5	94.2	93.8	77.8
November 1983	87.7	88.3	91.5	98.5	97.2	94.6	80.7
December 1983	91.4	96.2	95.2	92.2	102.3	97.5	81.8
January 1984	100.7	96.8	97.5	107.6	107.9	106.0	87.4
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

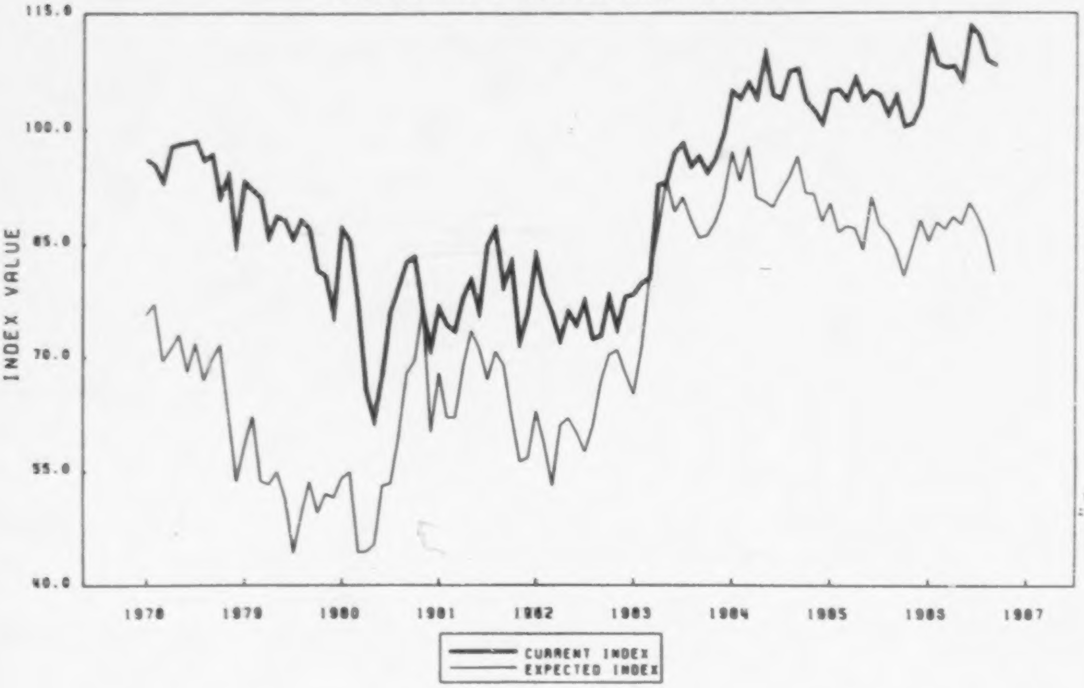


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

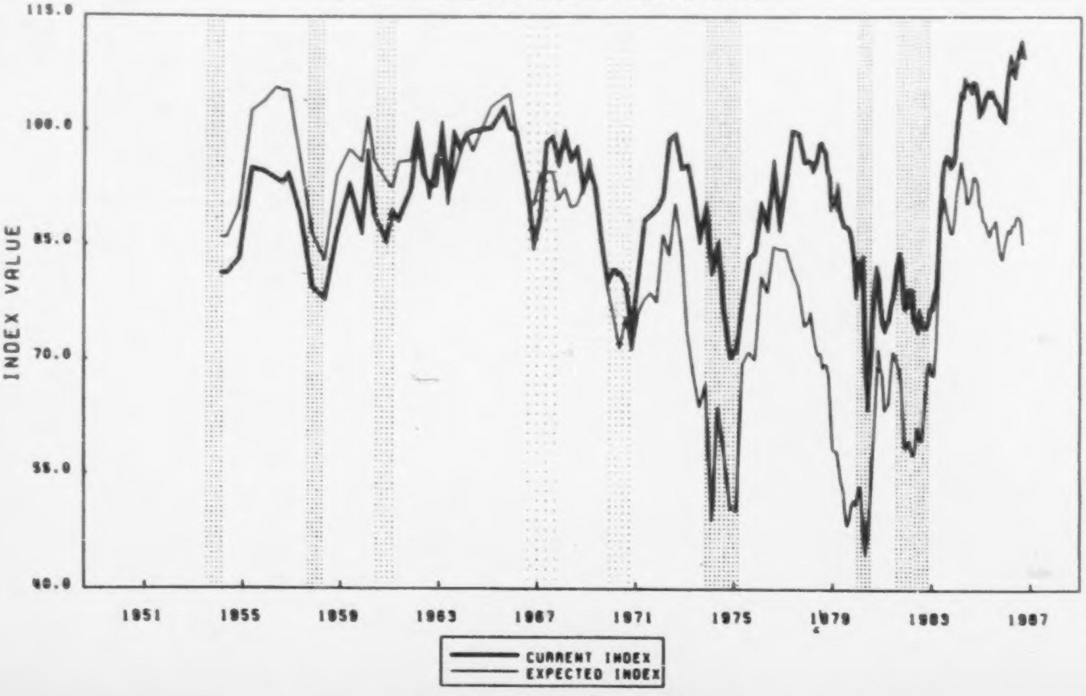


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
DATE OF SURVEY	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
September 1983	109	125	125	95	140	96.4	85.8
October 1983	104	124	124	98	140	94.3	86.1
November 1983	111	127	129	98	138	96.1	87.9
December 1983	123	125	140	102	134	99.3	91.0
January 1984	117	129	154	108	155	104.9	97.0
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

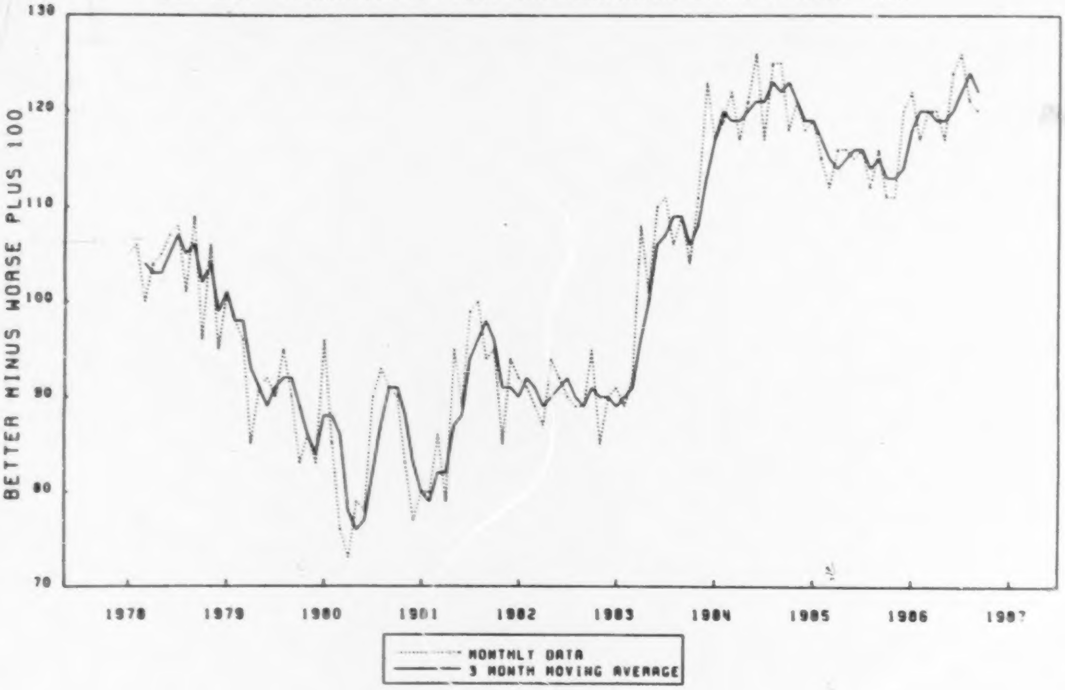


CHART 4 - HISTORICAL SERIES
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

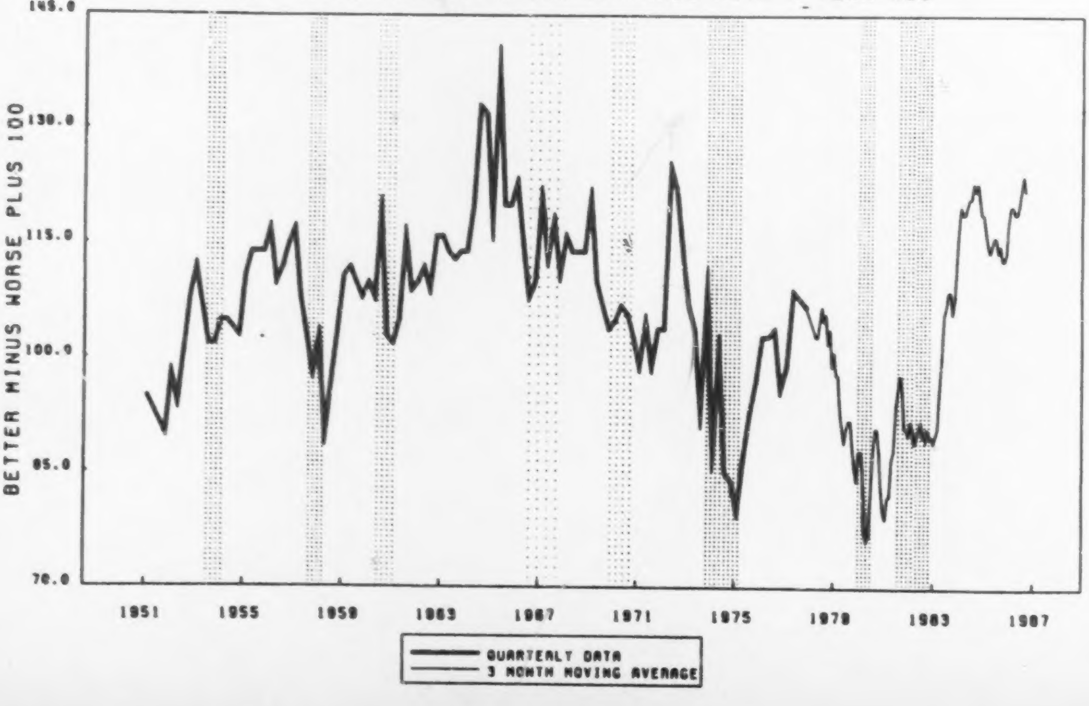


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
BETTER OFF	43%	39%	38%	46%	45%	44%	44%	45%	42%	47%	49%	46%	45%
SAME	28	33	34	28	32	29	32	30	33	29	28	28	30
WORSE OFF	27	28	27	26	23	27	24	25	25	23	23	25	25
DK,NA	2	*	1	*	*	*	*	*	*	1	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

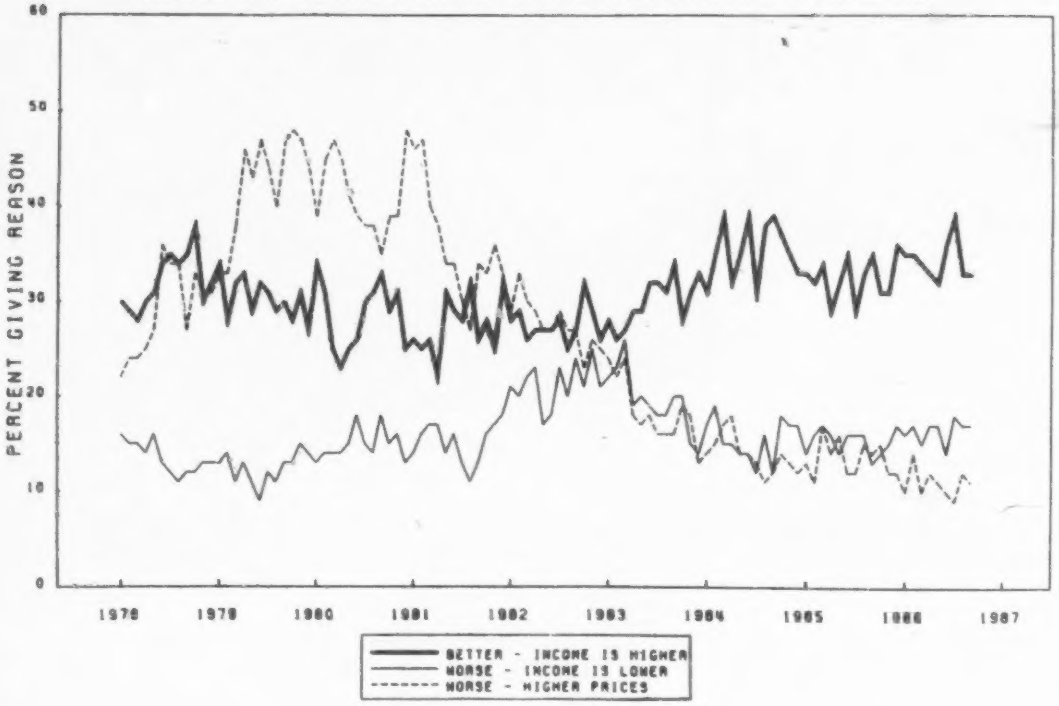
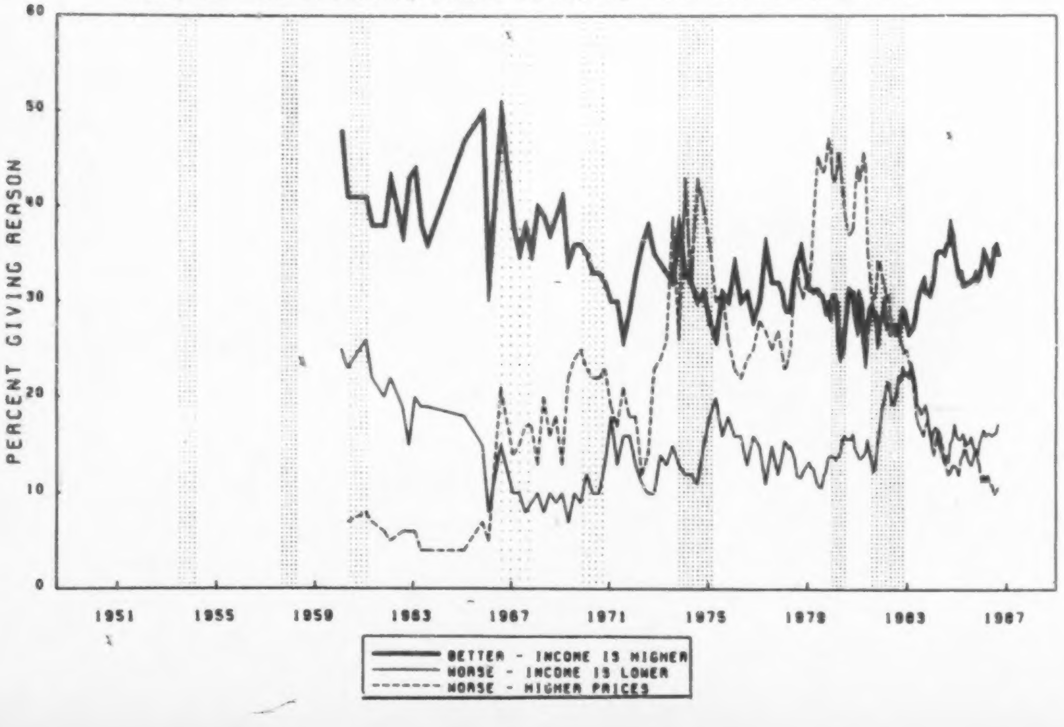


CHART 5 - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION



INTENTIONAL
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TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	31%	31%	36%	35%	35%	34%	33%	32%	36%	39%	33%	33%
WORSE OFF THAN YEAR AGO:													
Income is lower	13	14	15	17	16	17	15	17	17	14	18	17	17
Higher prices	14	15	12	12	10	14	10	12	11	10	9	12	11

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES
EXPECTED CHANGE IN FINANCIAL SITUATION

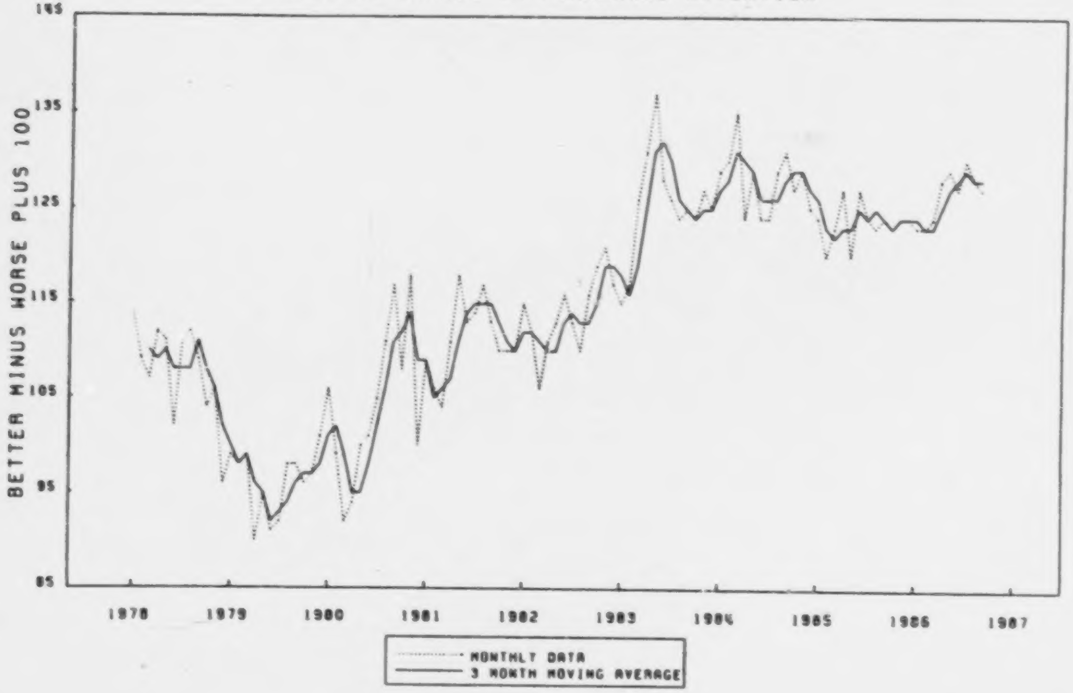


CHART 6 - HISTORICAL SERIES
EXPECTED CHANGE IN FINANCIAL SITUATION

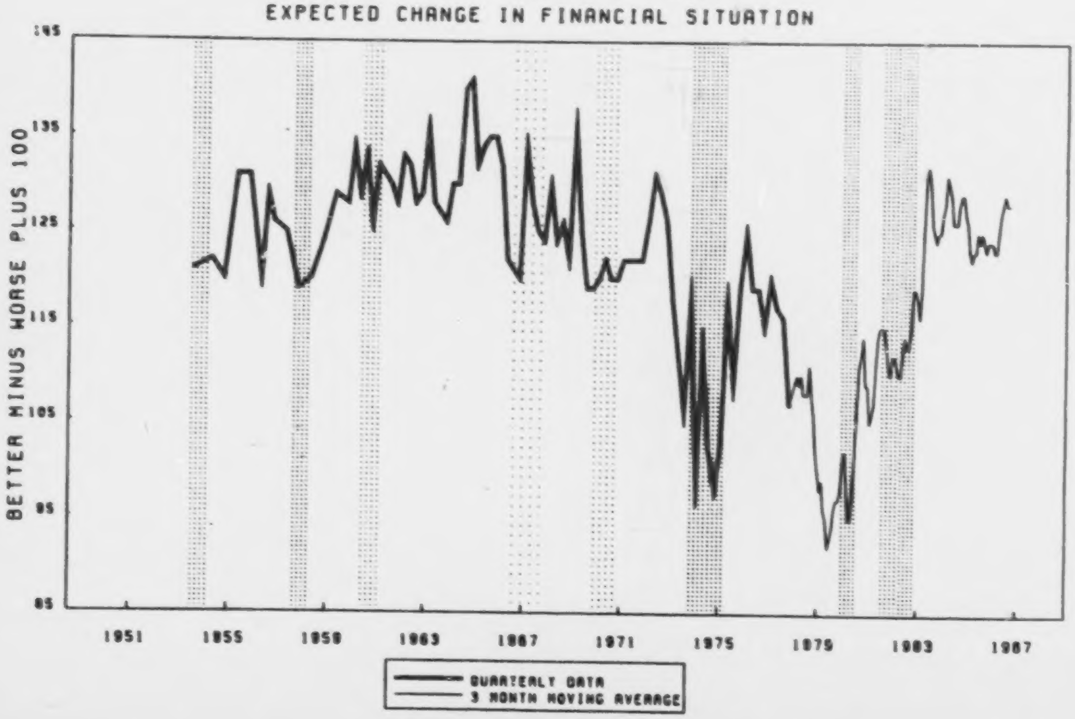


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Sept 1986	Oct. 1985	Nov. 1985	Dec. 1986	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
BETTER OFF	35%	33%	36%	33%	35%	35%	37%	38%	40%	38%	38%	39%	38%
SAME	50	54	48	55	50	50	47	49	47	49	52	48	47
WORSE OFF	11	10	12	9	12	12	13	10	11	11	8	11	11
DK,NA	4	3	4	3	3	3	3	3	2	2	2	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES
TREND IN PERSONAL FINANCIAL SITUATION

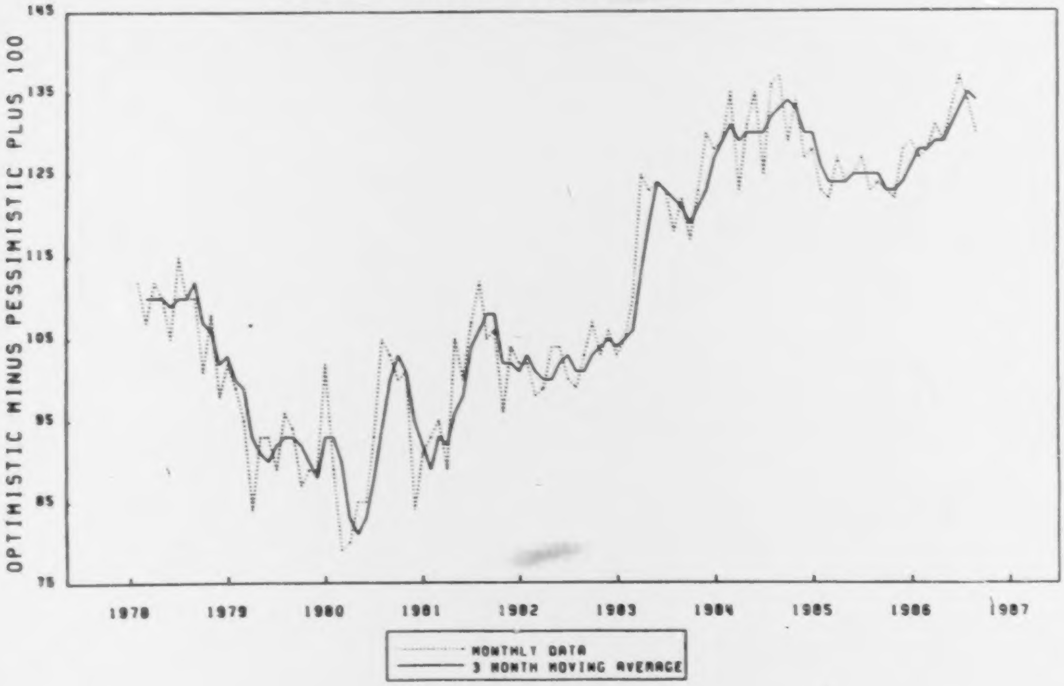


CHART 7 - HISTORICAL SERIES
TREND IN PERSONAL FINANCIAL SITUATION

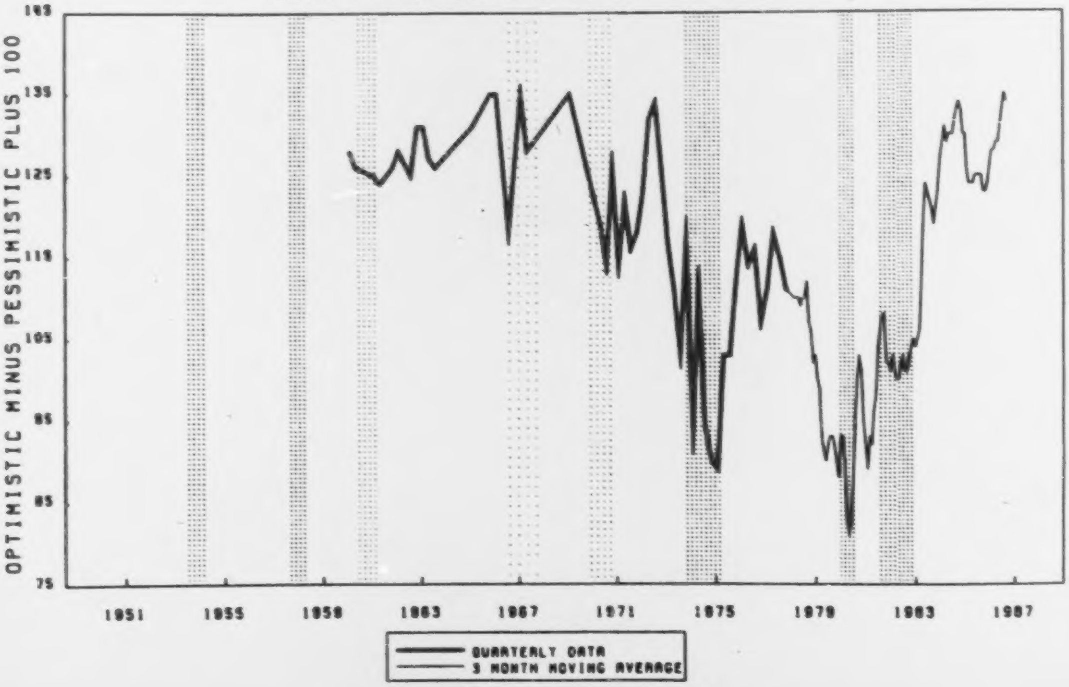


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	22%	18%	19%	20%	21%	20%	22%	23%	22%	22%	23%	21%	21%
Intermittant increase (b)	24	26	25	29	29	29	27	28	26	29	29	32	29
Remain unchanged (c)	18	23	20	18	18	16	18	16	19	18	19	15	16
Intermittant decline (d)	15	15	17	17	16	16	14	16	15	14	12	13	15
Continuous decline (e)	7	6	5	4	5	6	7	4	4	4	3	6	5
Mixed change (f)	9	9	10	10	9	11	9	10	11	11	11	11	10
DK,NA	5	3	4	2	2	2	3	3	3	2	3	2	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

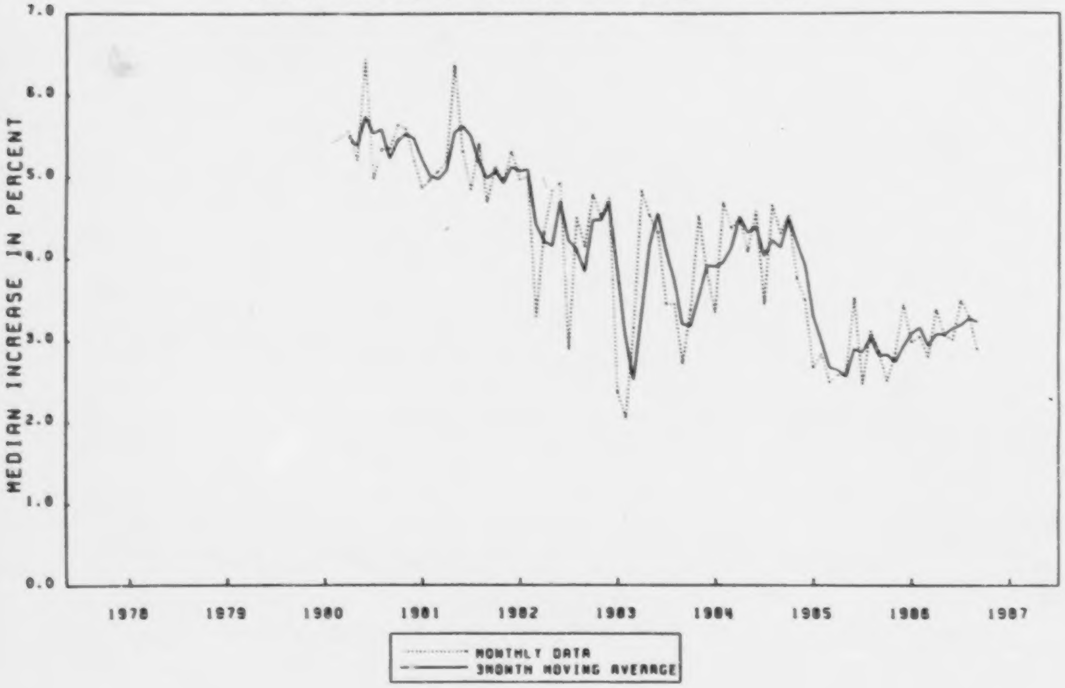


CHART 8 - HISTORICAL SERIES
MEDIAN EXPECTED CHANGE IN FAMILY INCOME

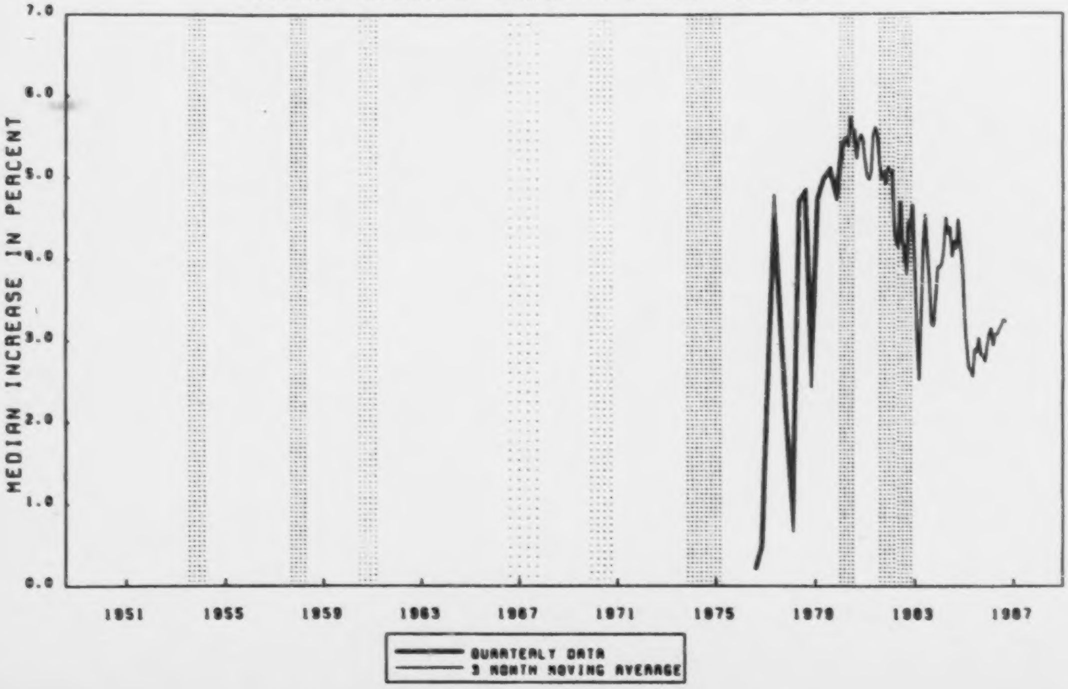


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
EXPECT INCREASE:													
1-4%	13%	13%	17%	14%	11%	17%	16%	13%	16%	15%	15%	16%	16%
5%	9	7	9	11	12	10	10	9	9	11	12	11	15
6-9%	8	8	8	8	7	8	6	8	10	8	8	7	7
10-24%	14	17	14	17	16	16	14	19	15	15	17	14	15
25% or more	8	6	6	6	7	6	7	7	6	7	8	9	4
DK how much up	4	5	4	5	4	3	4	3	3	3	4	5	3
EXPECT SAME	28	29	26	25	28	27	27	25	25	25	22	24	26
EXPECT DOWN	13	14	14	12	14	12	15	15	14	14	14	13	13
DK,NA	3	1	2	2	1	1	1	1	2	2	*	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES
INCOME OR PRICES UP MORE NEXT YEAR

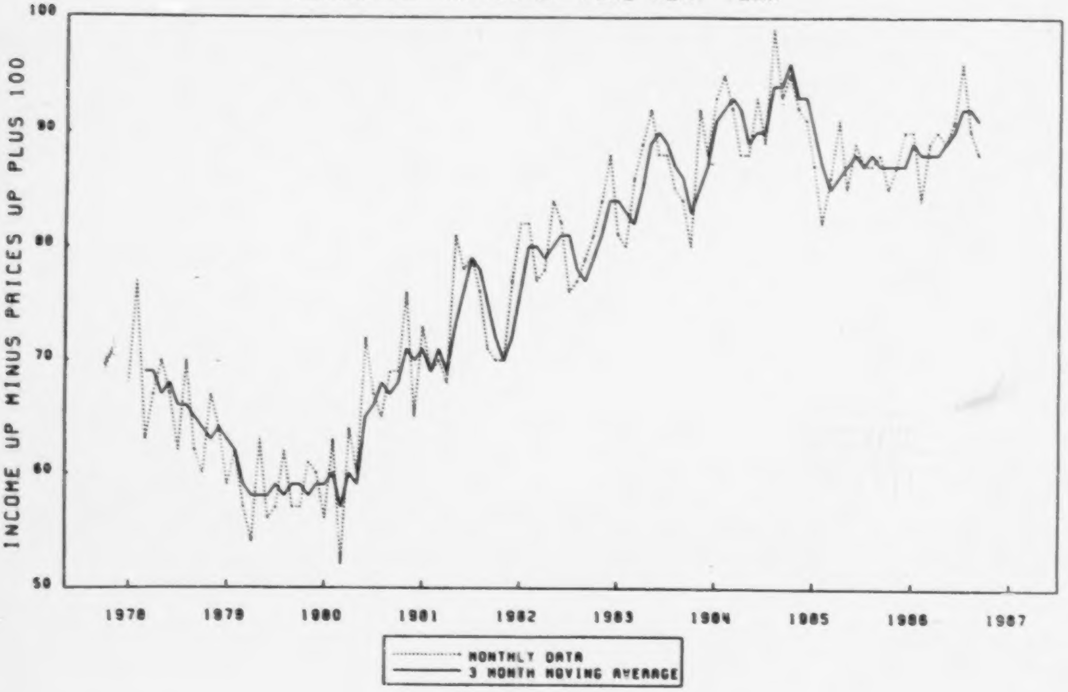


CHART 9 - HISTORICAL SERIES
INCOME OR PRICES UP MORE NEXT YEAR

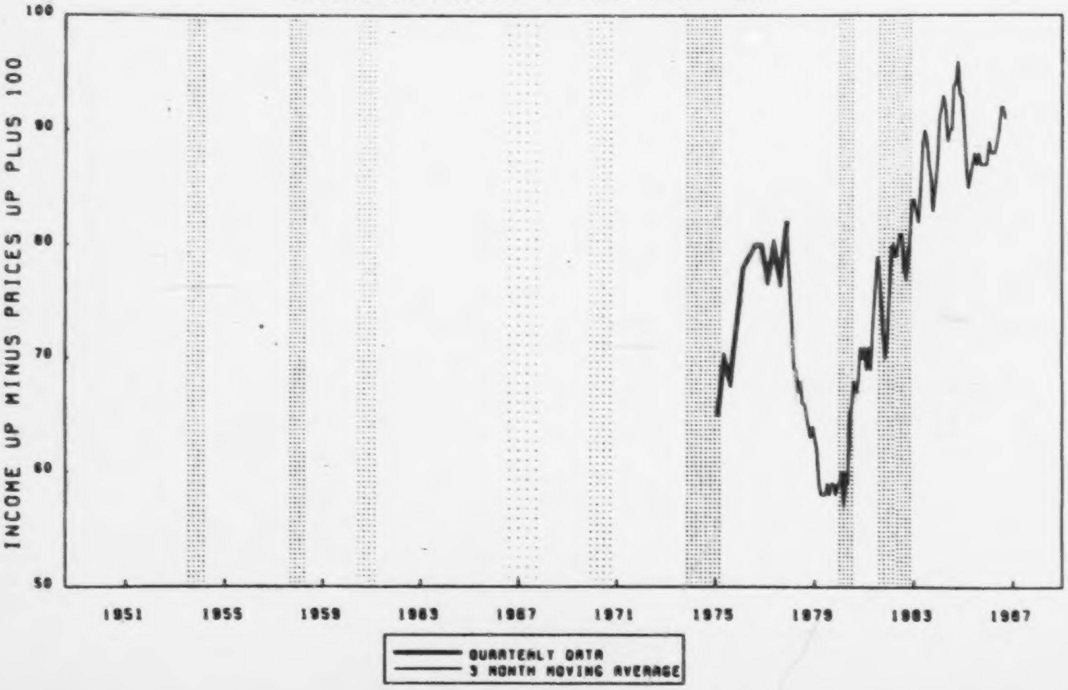


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
INCOME UP MORE	22%	20%	20%	23%	21%	19%	21%	21%	21%	23%	24%	22%	20%
INCOME UP SAME	42	43	43	42	47	43	44	45	44	43	47	44	47
PRICES UP MORE	34	35	33	33	31	35	32	31	32	32	28	32	32
DK,NA	2	2	4	2	1	3	3	3	3	2	1	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

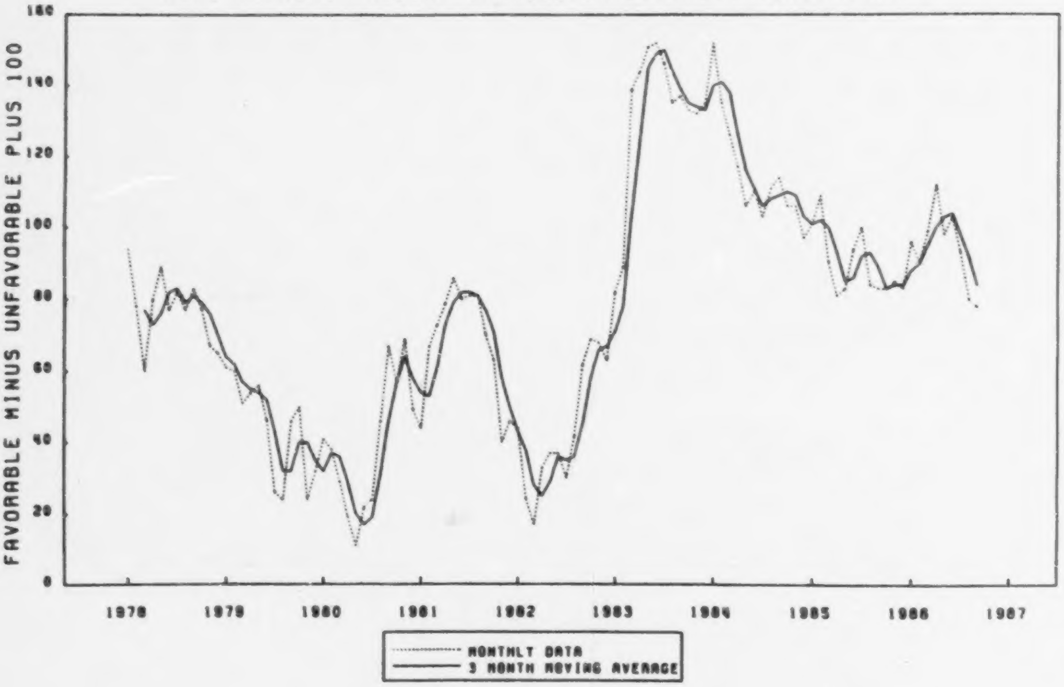


CHART 10 - HISTORICAL SERIES
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

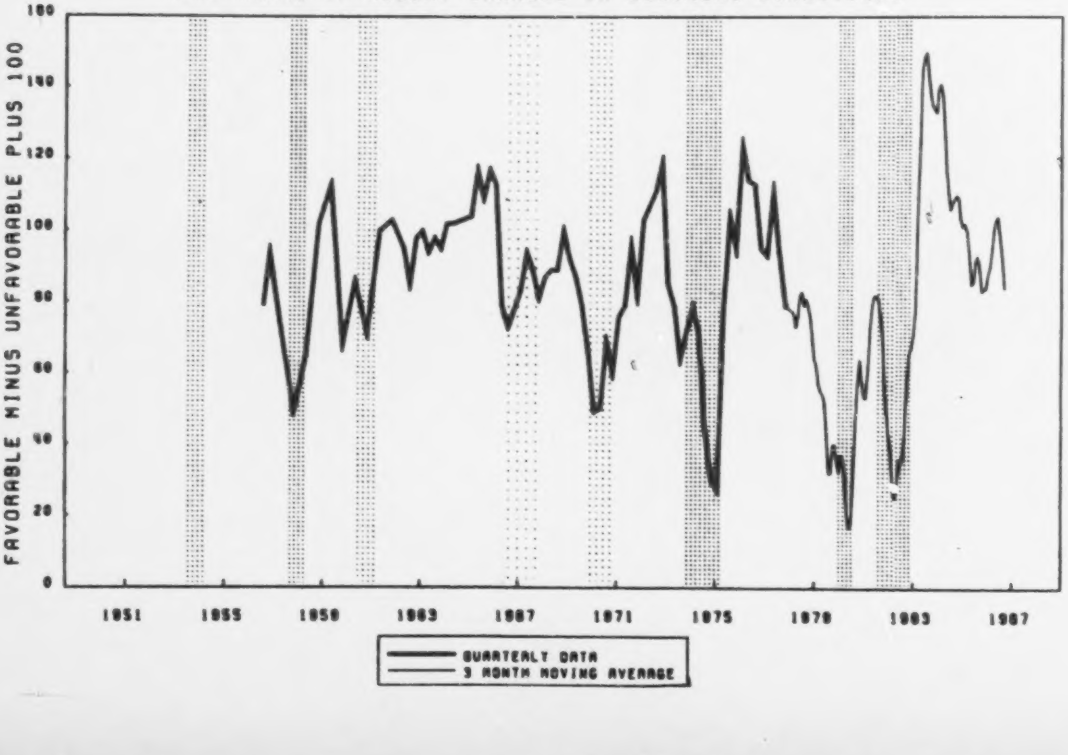


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
FAVORABLE NEWS	31%	28%	32%	33%	37%	34%	46%	55%	42%	42%	37%	33%	29%
UNFAVORABLE NEWS	48	45	47	50	41	44	47	43	44	39	44	53	51
NO MENTIONS	47	52	47	47	47	46	43	38	44	46	45	44	49

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

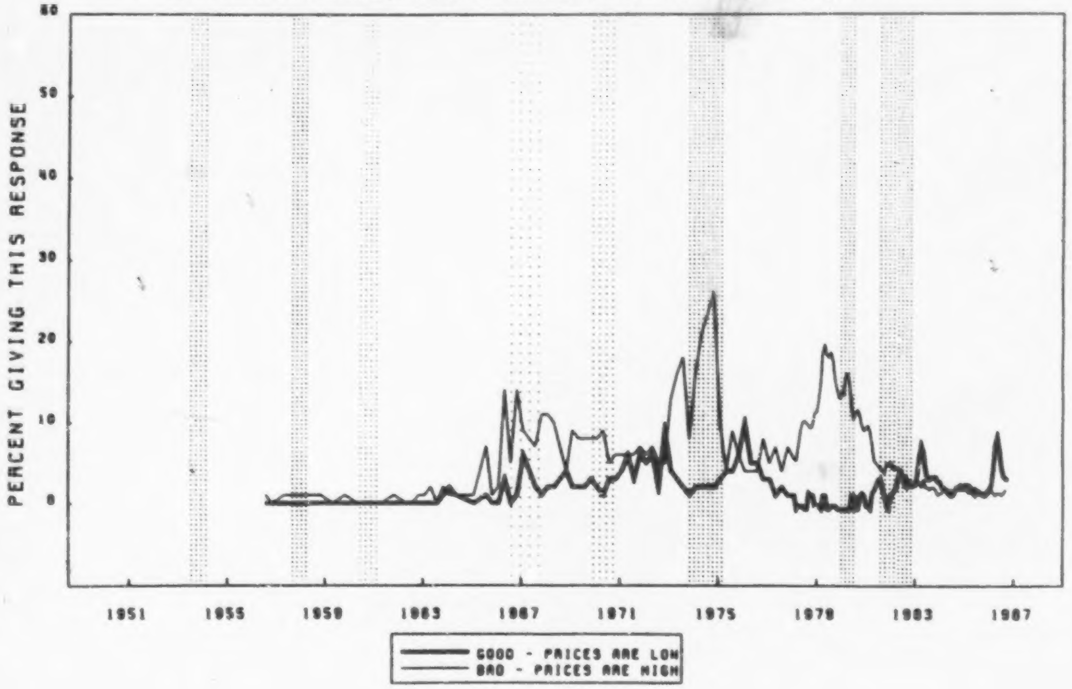


CHART 11B - HISTORICAL SERIES
TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

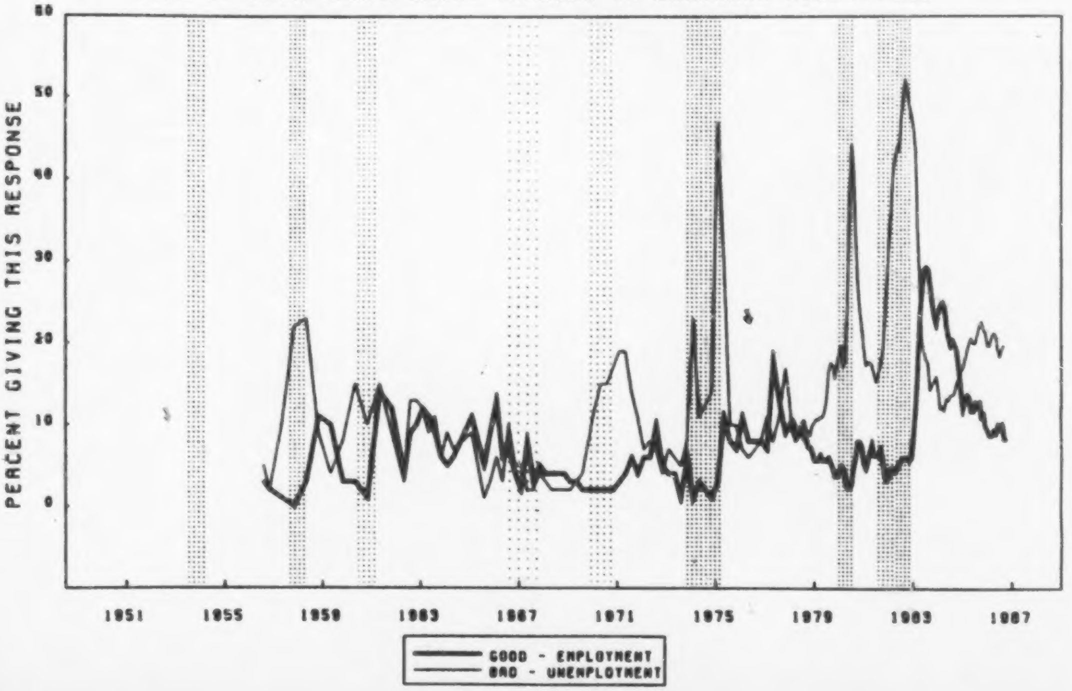


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
FAVORABLE NEWS:													
Government; elections	1%	1%	3%	2%	2%	2%	*	1%	2%	3%	3%	2%	2%
Employment	13	9	12	8	8	10	8	10	9	11	9	10	6
Higher consumer demand	4	3	3	3	3	1	3	3	2	2	1	3	2
Lower prices	1	1	1	2	2	3	8	11	6	3	4	3	2
Easier credit	6	4	6	7	9	8	15	17	11	9	11	7	11
UNFAVORABLE NEWS:													
Government; elections	5	5	4	5	5	3	3	3	3	4	5	5	6
Unemployment	21	23	21	20	18	21	23	20	20	18	19	21	19
Lower consumer demand	2	1	2	5	3	1	2	2	3	2	1	2	1
Higher prices	1	1	2	2	2	1	1	1	2	1	*	3	2
Tighter credit	1	1	2	2	1	*	*	1	1	2	1	1	1
Energy crisis	*	*	*	*	*	*	*	*	1	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

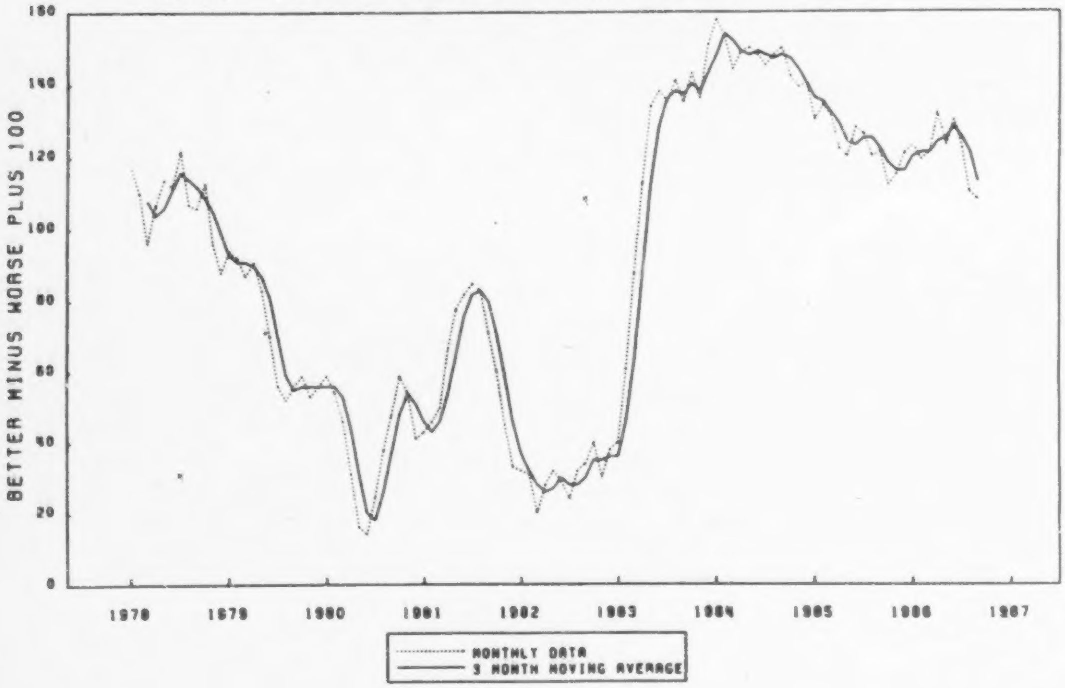


CHART 12 - HISTORICAL SERIES
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

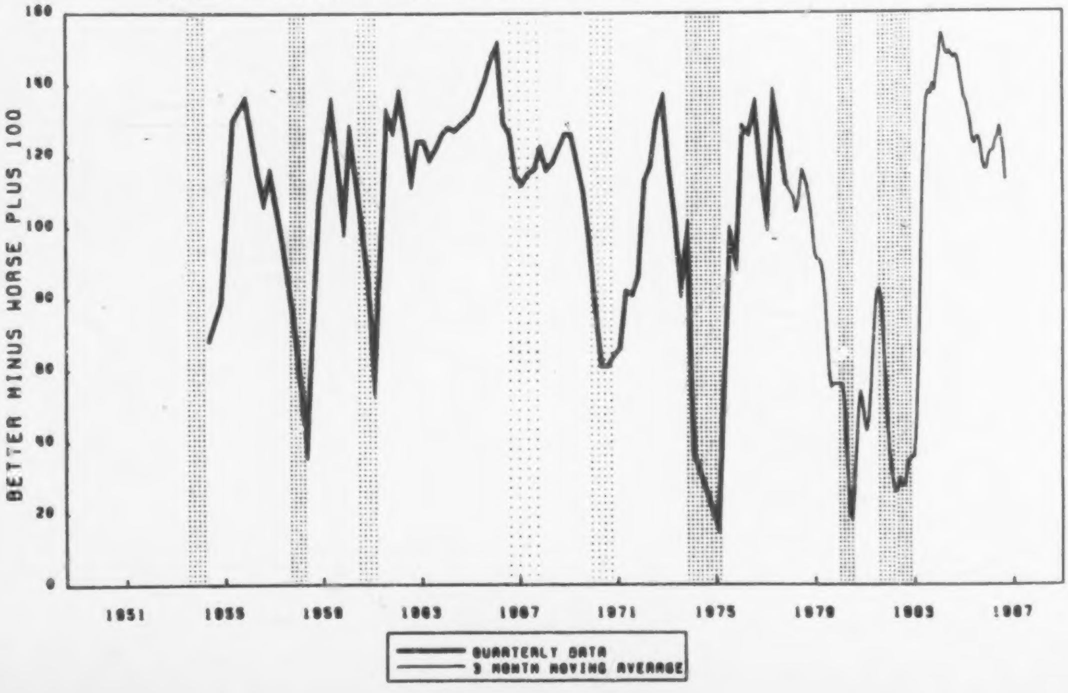


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
BETTER NOW	52%	47%	50%	52%	52%	51%	53%	61%	54%	60%	53%	47%	47%
SAME	14	16	12	16	17	15	13	9	13	8	14	14	13
WORSE NOW	31	35	35	31	29	32	32	29	31	30	31	37	39
DK,NA	3	2	3	1	2	2	2	1	2	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

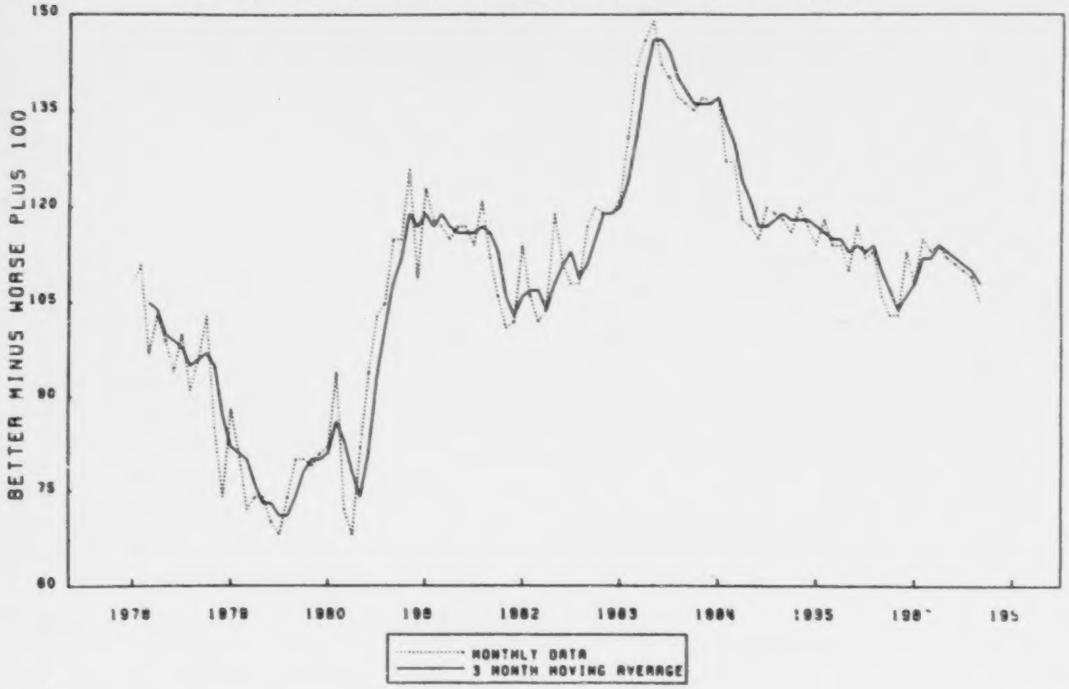


CHART 13 - HISTORICAL SERIES
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

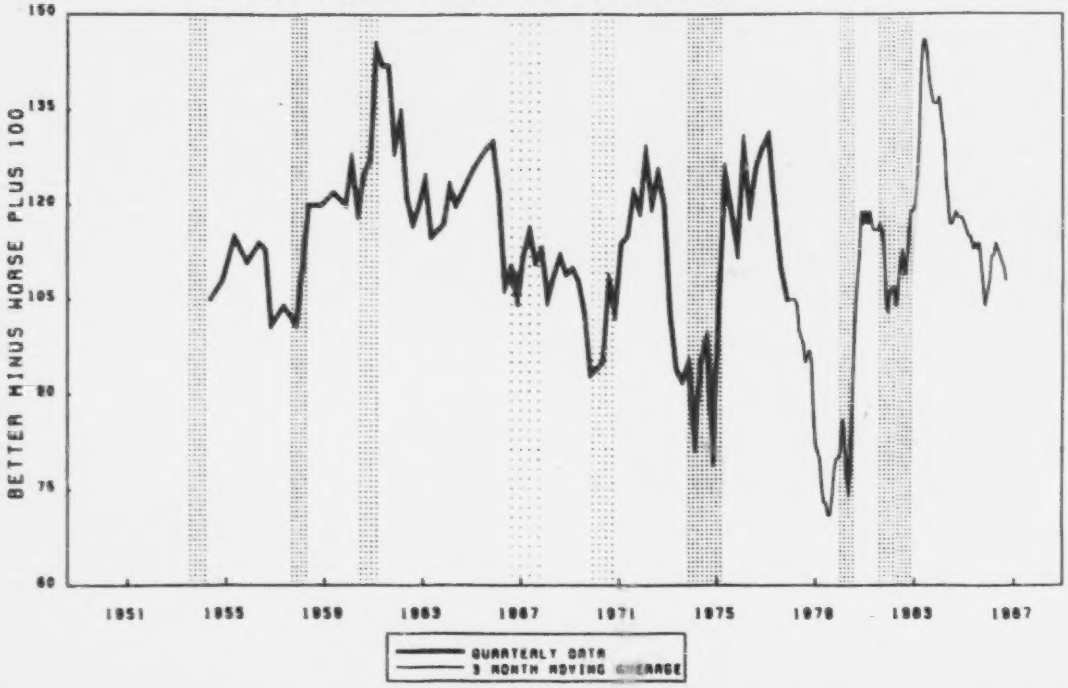


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
BETTER	23%	23%	21%	27%	24%	27%	29%	29%	26%	25%	24%	26%	23%
SAME	58	54	59	58	58	59	53	55	57	60	60	56	55
WORSE	17	20	18	14	16	12	16	15	14	14	14	17	18
DK,NA	2	3	2	1	2	2	2	1	3	1	2	1	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

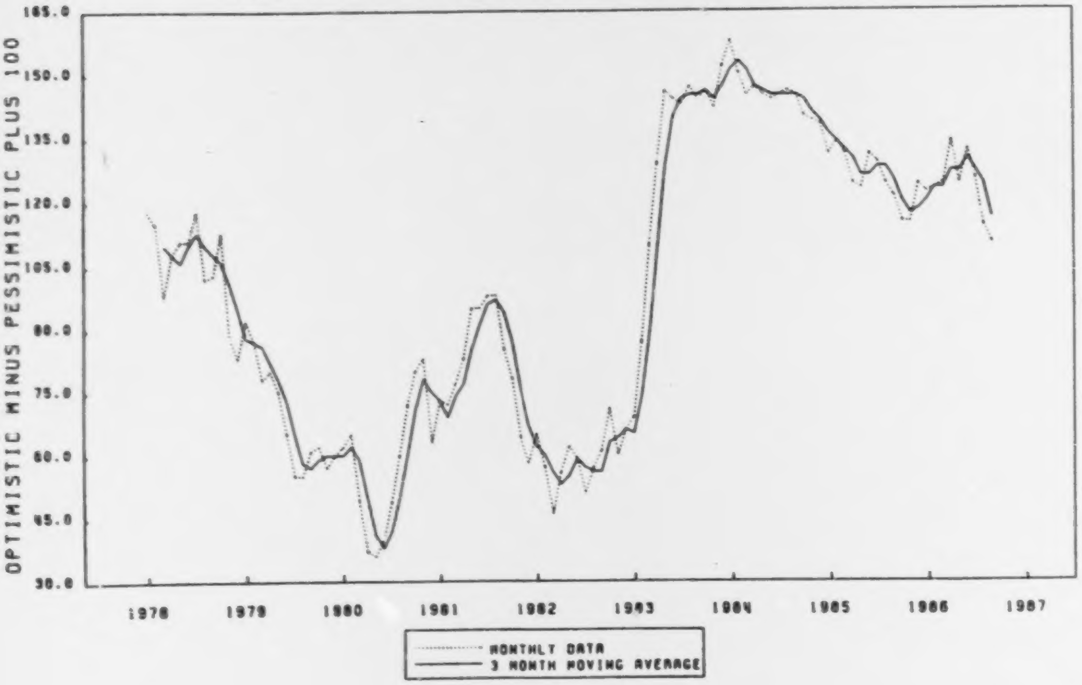


CHART 14 - HISTORICAL SERIES
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

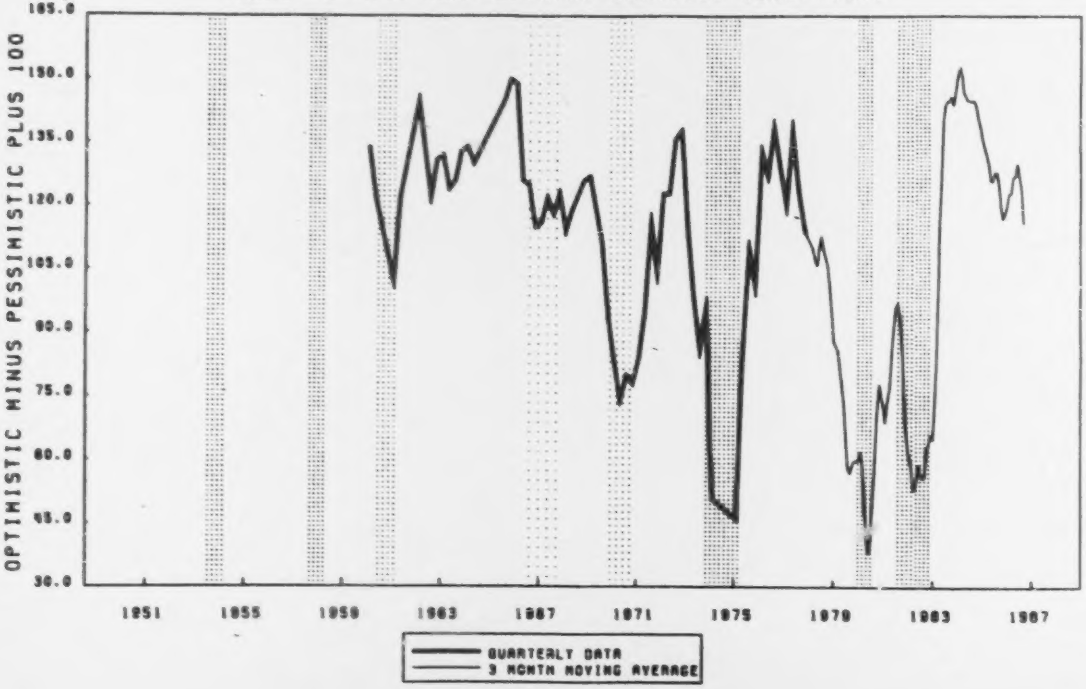


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
TREND:													
Continuous increase (a)	16%	16%	14%	19%	16%	19%	20%	23%	19%	18%	16%	17%	15%
Intermittant increase (b)	34	31	34	33	33	33	32	35	33	41	36	29	29
Remain unchanged (c)	9	10	8	10	11	10	7	7	8	5	10	10	8
Intermittant decline (d)	19	18	21	19	19	20	18	14	20	17	18	20	22
Continuous decline (e)	10	14	12	9	8	9	10	10	8	10	9	12	12
Mixed change (f)	8	7	7	7	10	6	10	8	9	7	8	9	10
DK,NA	4	4	4	3	3	3	3	3	3	2	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

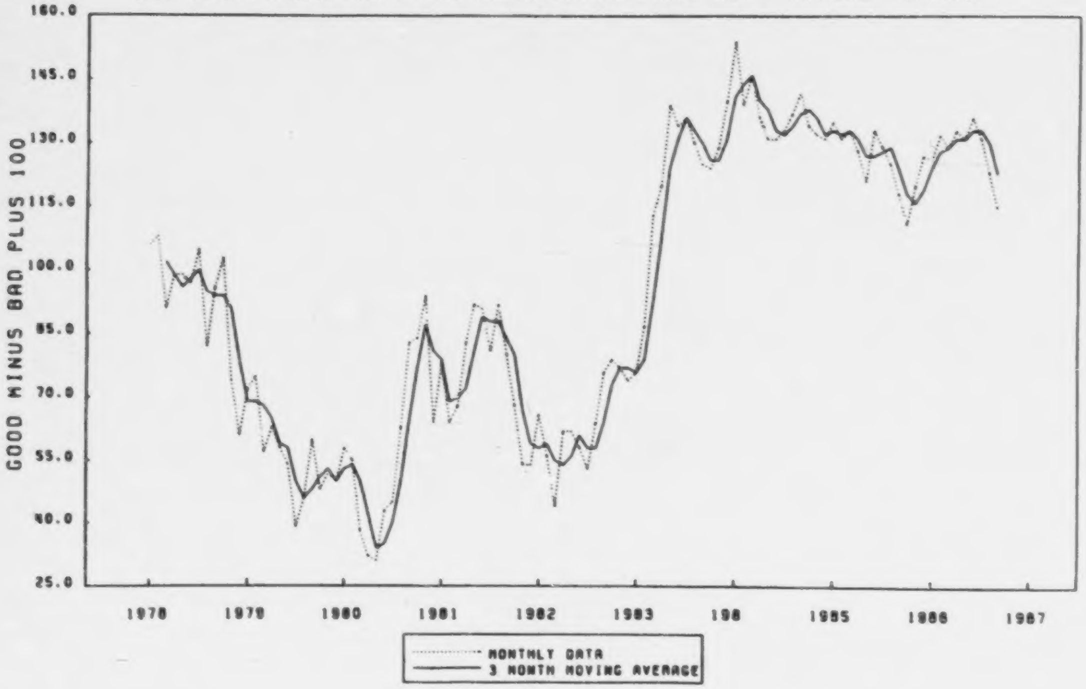


CHART 15 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

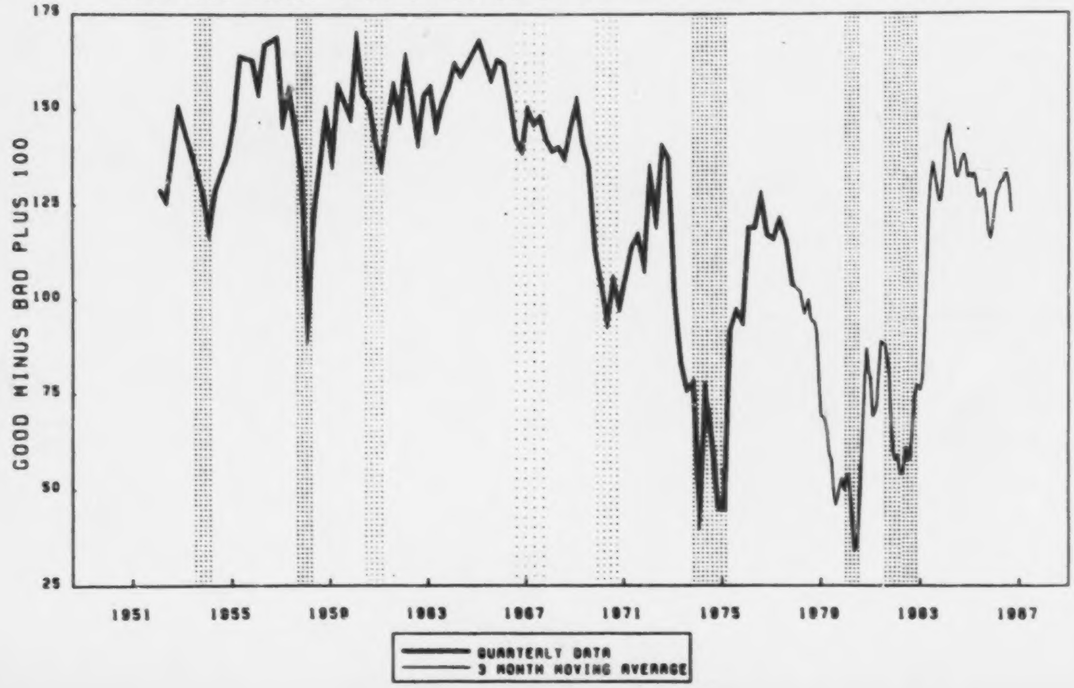


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIMES	52%	49%	53%	57%	58%	61%	58%	61%	60%	62%	61%	55%	50%
UNCERTAIN; GOOD & BAD	4	3	4	4	3	2	3	2	2	2	3	4	3
BAD TIMES	34	38	33	30	32	29	29	28	29	26	30	32	35
DON'T KNOW	8	5	6	7	5	4	7	6	5	6	4	5	8
NOT ASCERTAINED	2	5	4	2	2	4	3	3	4	4	2	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

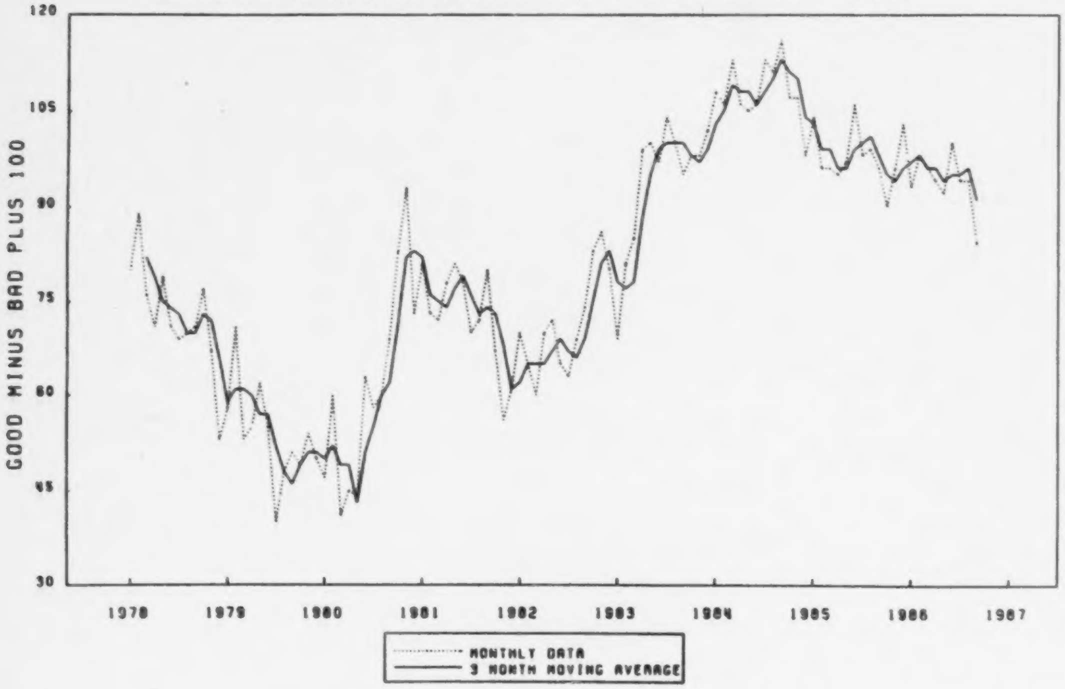


CHART 16 - HISTORICAL SERIES
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

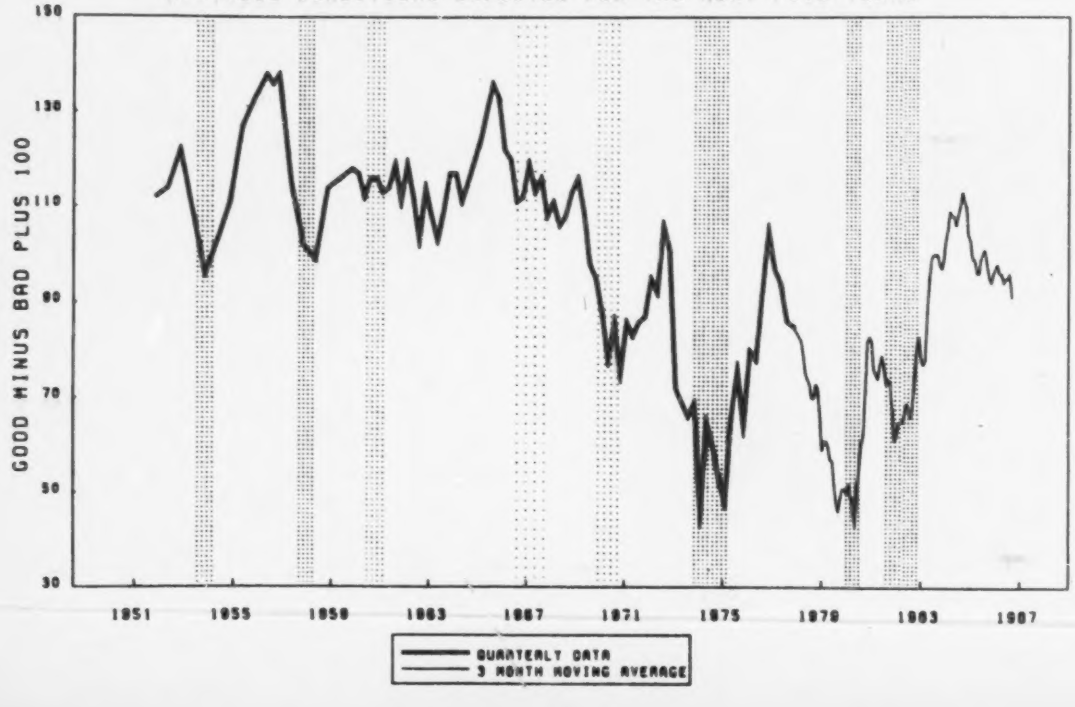


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIMES	38%	35%	38%	40%	39%	42%	39%	36%	37%	40%	38%	39%	33%
UNCERTAIN; GOOD & BAD	16	15	14	17	12	11	13	18	14	14	13	10	11
BAD TIMES	42	45	42	37	46	44	43	42	45	40	44	45	49
NOT ASCERTAINED	4	5	6	6	3	3	5	4	4	6	5	6	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	662	651	652	656	656	658	658	655	658	665	653	659

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

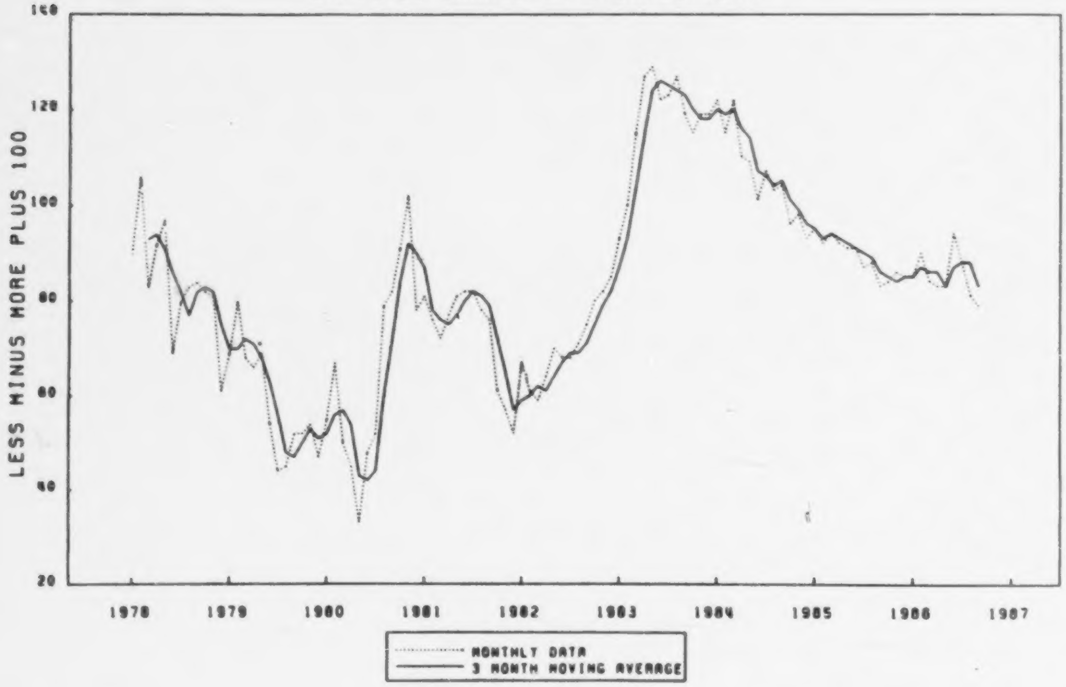


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

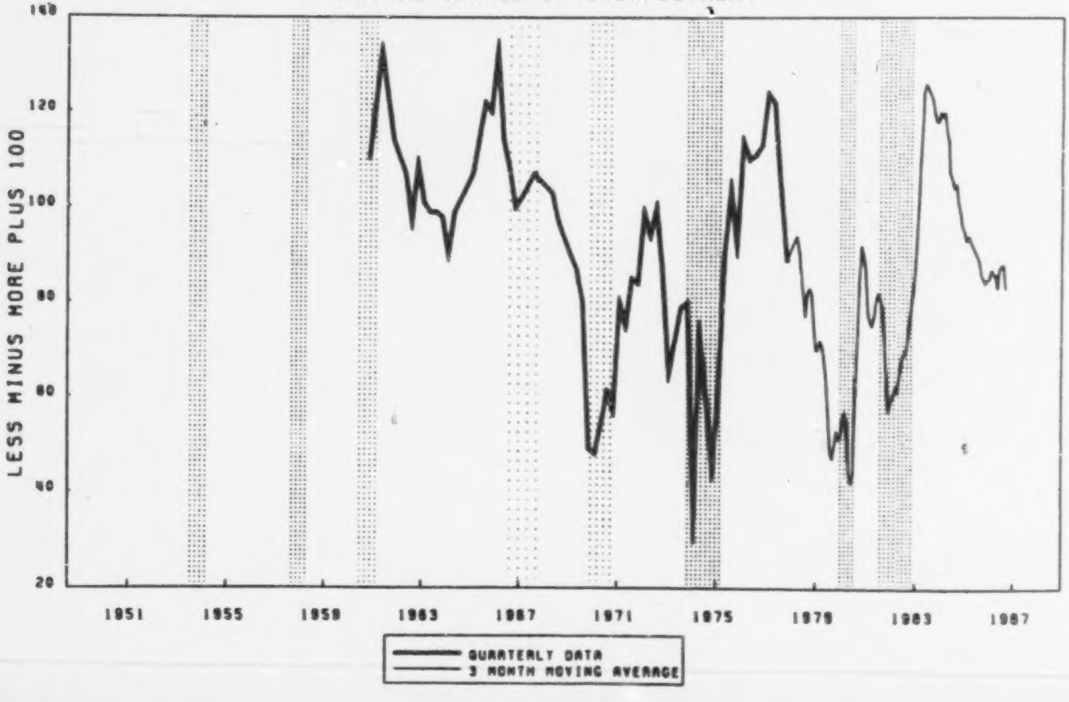


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
LESS	14%	16%	15%	15%	15%	19%	17%	15%	14%	20%	15%	13%	11%
SAME	53	51	54	54	54	51	48	51	54	53	56	54	54
MORE	31	32	29	30	30	29	33	32	31	26	27	32	32
DK,NA	2	1	2	1	1	1	2	2	1	1	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

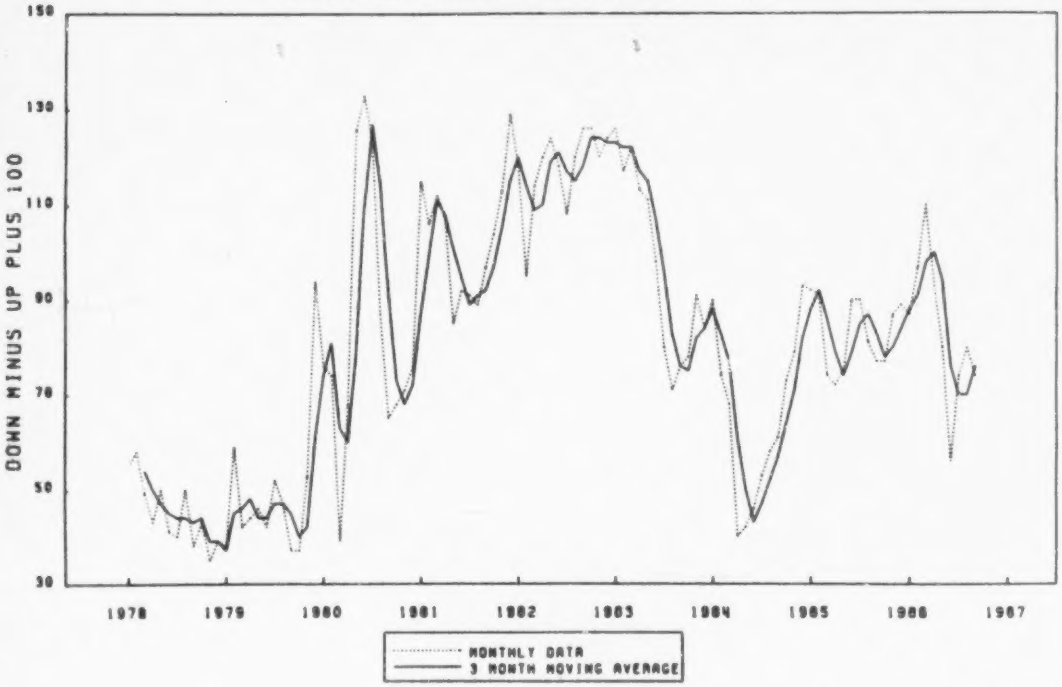


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

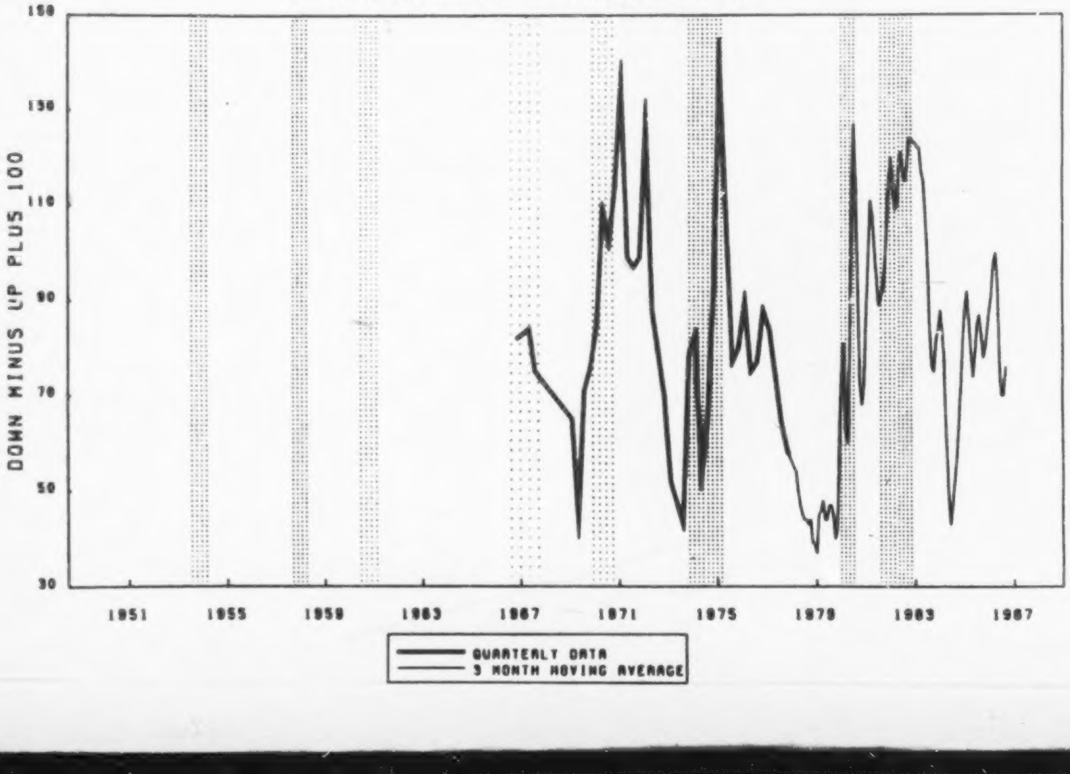


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GO UP	43%	44%	36%	36%	38%	30%	26%	35%	41%	54%	45%	42%	49%
STAY THE SAME	34	33	37	37	34	40	35	34	35	34	35	34	26
GO DOWN	20	21	23	25	25	27	36	28	21	10	19	22	23
DK,NA	3	2	4	2	3	3	3	3	3	2	1	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

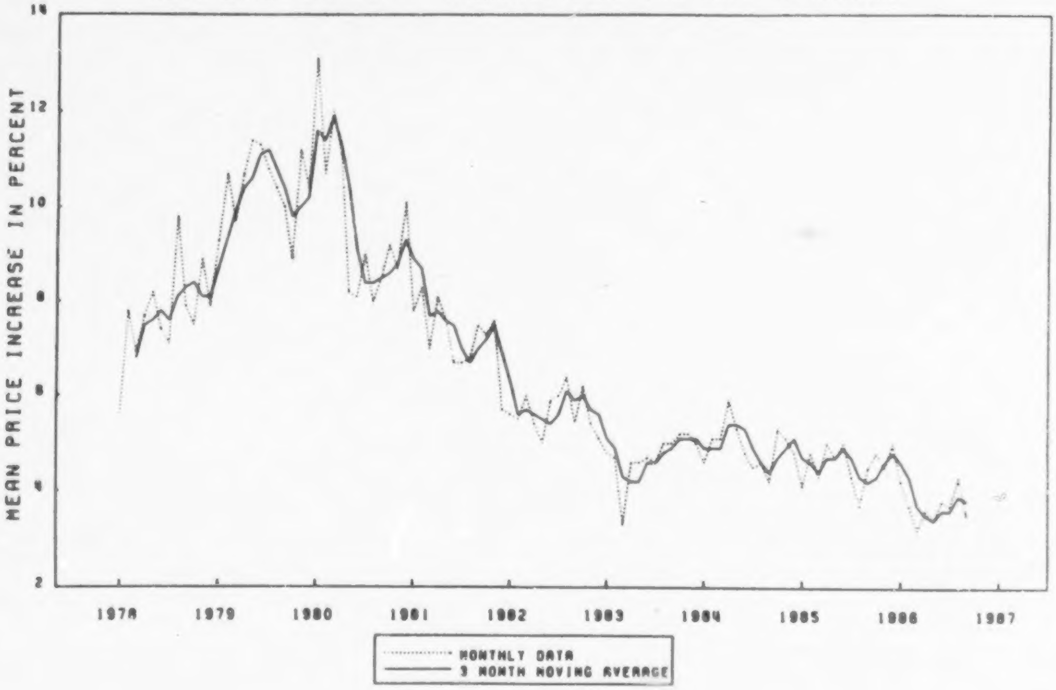


CHART 19 - HISTORICAL SERIES
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

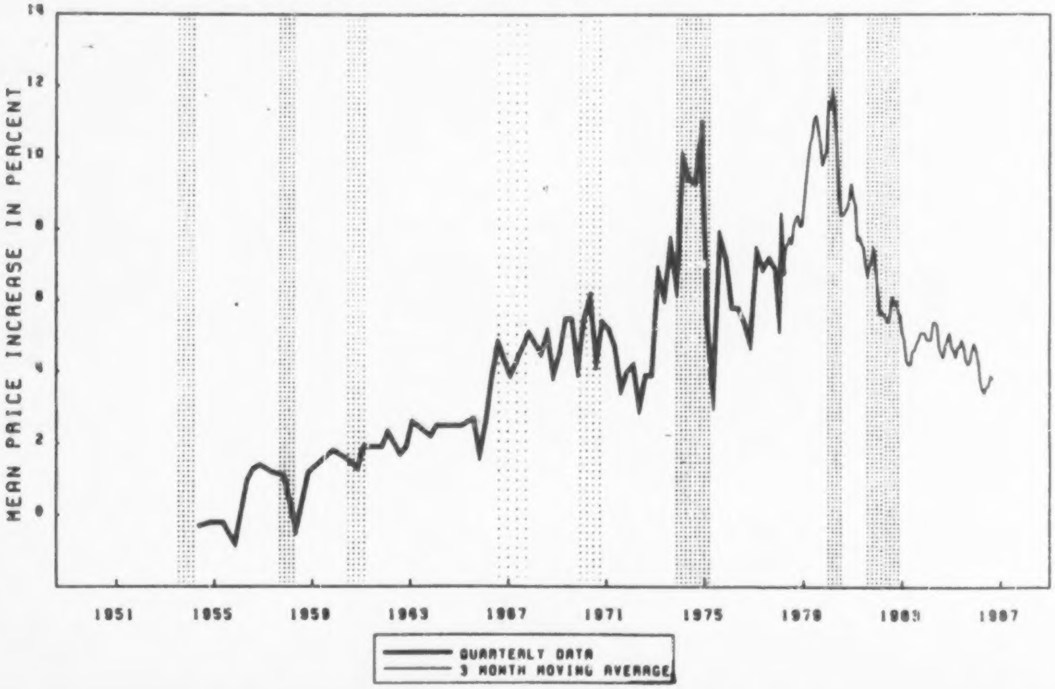


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
SAME OR DOWN	26%	23%	25%	21%	24%	28%	36%	35%	31%	22%	29%	21%	23%
WILL GO UP BY:													
1-2%	18	13	14	11	16	16	13	15	13	20	13	18	18
3-4%	17	21	20	22	24	19	16	18	22	20	23	24	23
5%	14	15	16	18	14	17	15	11	14	16	16	14	16
6-9%	6	6	6	6	6	6	4	5	5	6	5	7	5
10-14%	9	12	9	9	6	5	6	7	6	6	5	8	5
15% or more	5	5	5	7	5	3	3	4	3	4	4	4	3
DK how much up	3	4	3	5	4	4	6	4	4	5	4	4	6
DK,NA	2	1	2	1	1	2	1	1	2	1	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.5	4.8	4.5	5.0	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5
VARIANCE	46	41	42	43	47	38	39	42	27	23	32	38	18
CASES	654	652	661	652	656	656	658	658	655	658	665	653	659

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

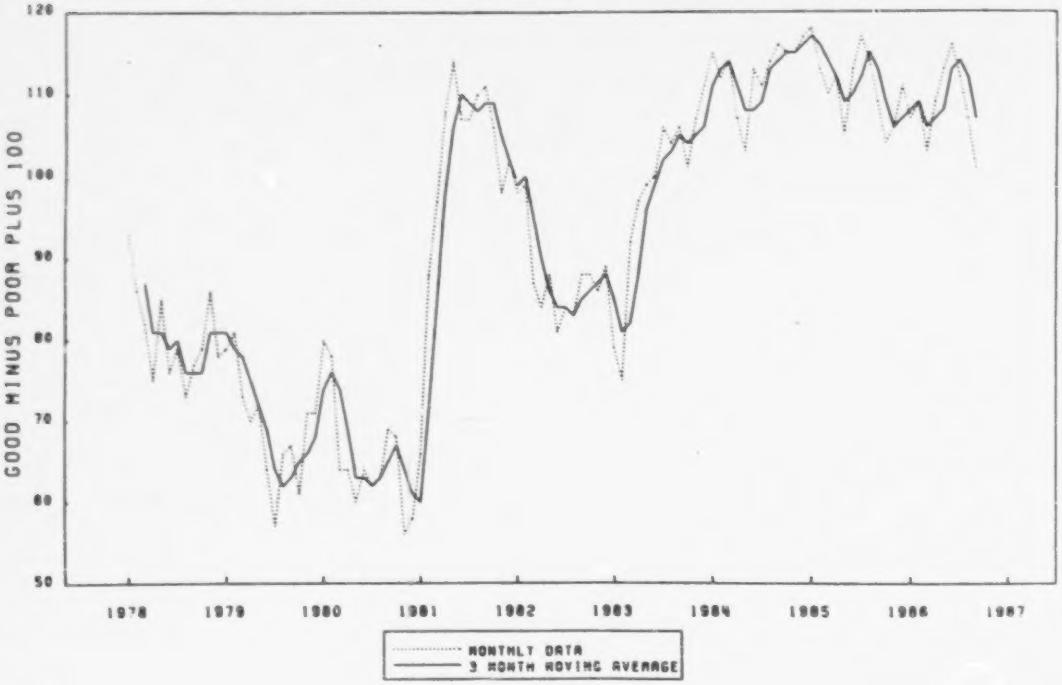


CHART 20 - HISTORICAL SERIES
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

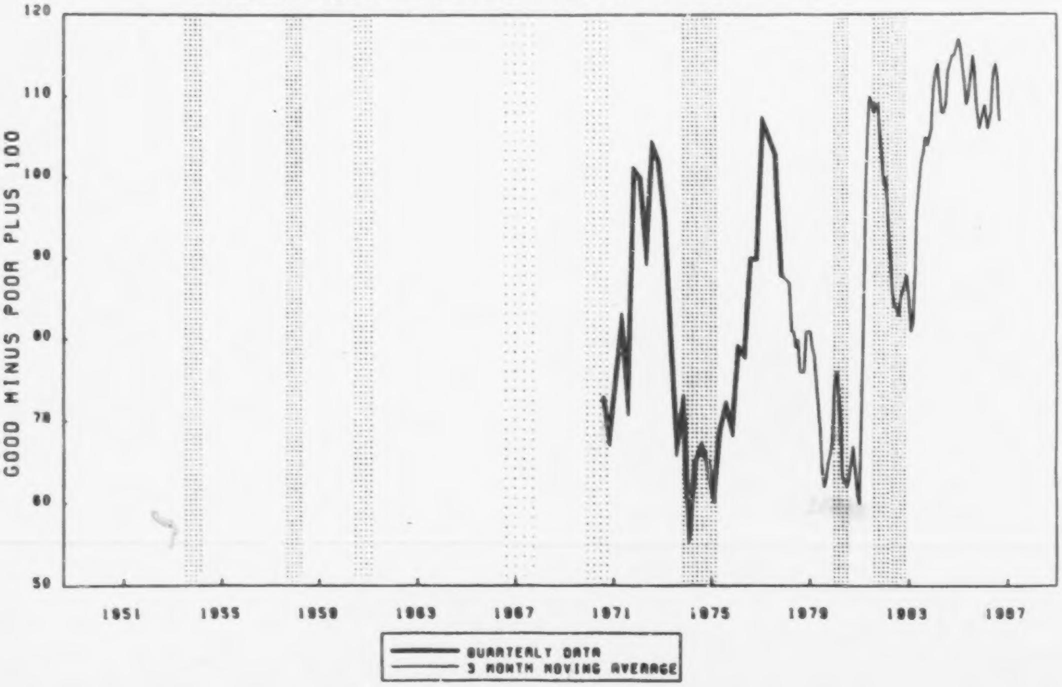


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
A GOOD JOB	29%	25%	28%	28%	27%	29%	25%	29%	30%	33%	29%	28%	22%
ONLY FAIR	49	50	48	53	52	48	51	50	49	49	52	50	54
A POOR JOB	20	21	22	17	20	20	22	20	17	17	17	21	21
DK,NA	2	4	2	2	1	3	2	1	4	1	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

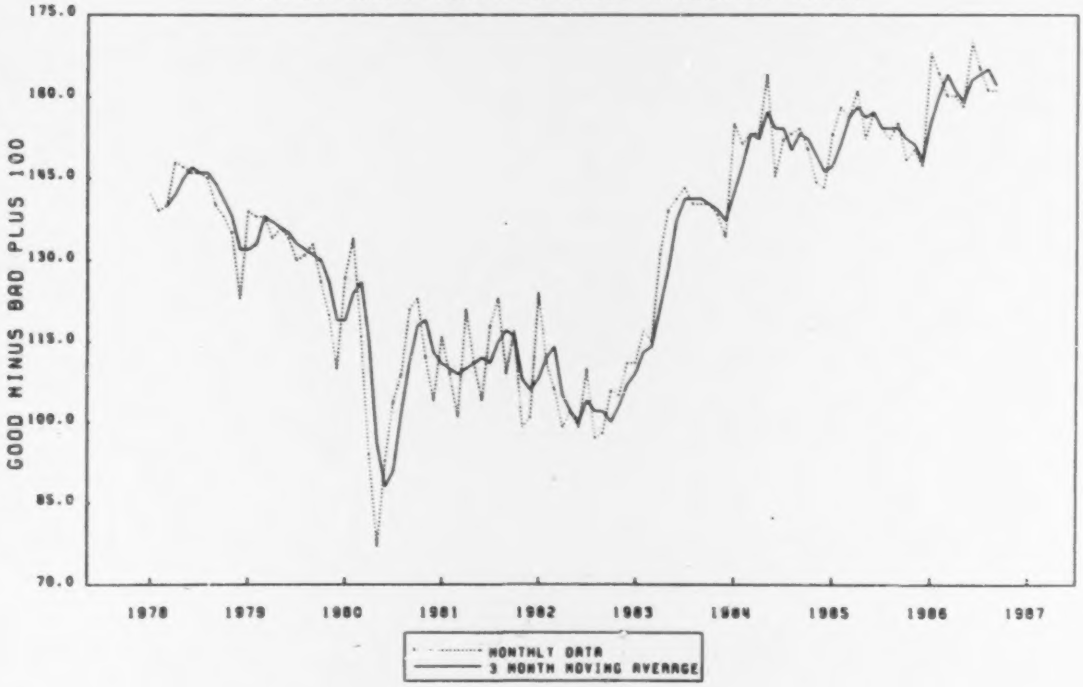


CHART 21 - HISTORICAL SERIES
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

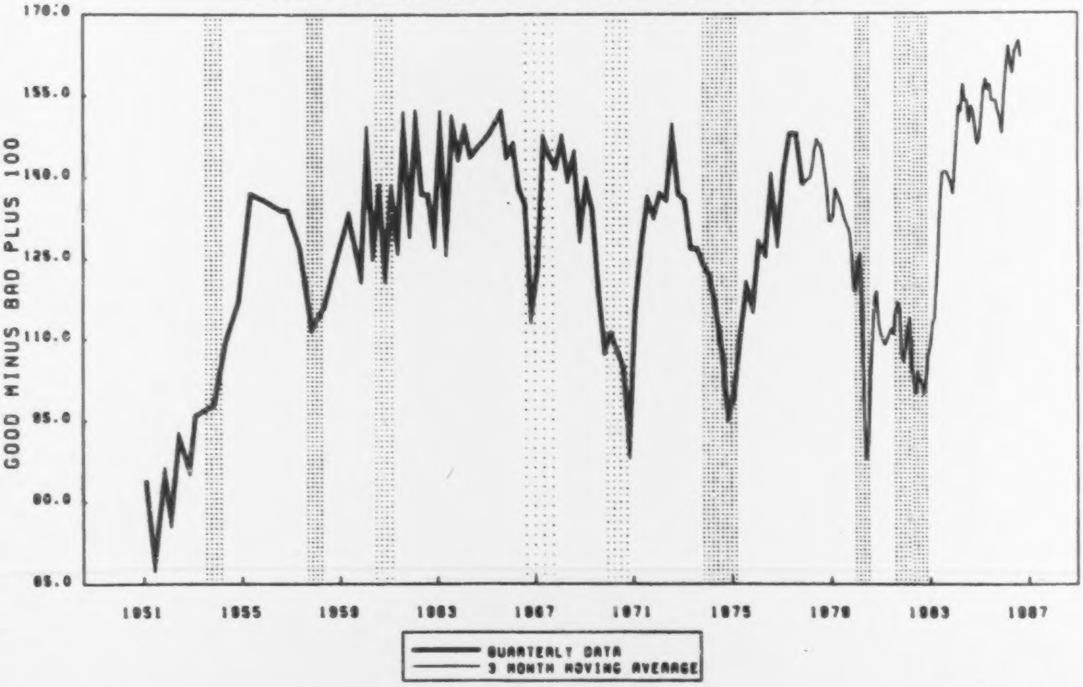


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY	73%	69%	70%	69%	80%	78%	75%	75%	75%	81%	79%	77%	76%
UNCERTAIN, DEPENDS	9	10	10	9	8	8	10	10	8	8	7	7	9
BAD TIME TO BUY	18	21	20	22	12	14	15	15	17	11	14	16	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

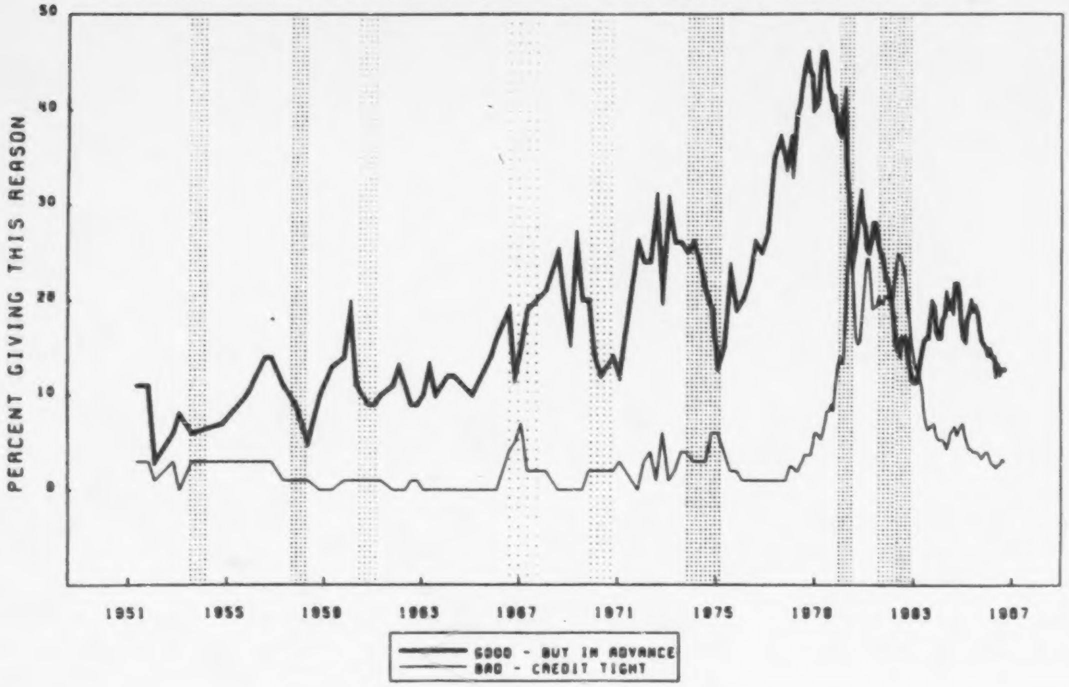


CHART 22A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

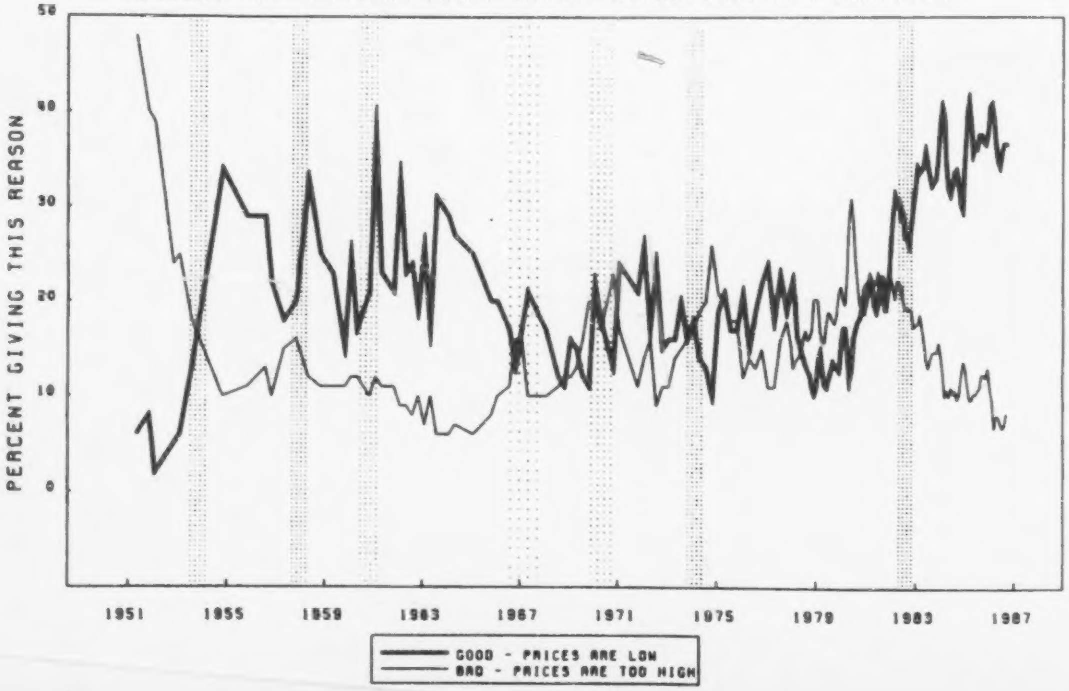


CHART 22B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	39%	34%	37%	42%	43%	38%	37%	35%	33%	35%	40%	35%	35%
Prices won't come down; are going higher	15	15	16	14	13	17	12	13	12	14	11	13	14
Interest rates low; credit is easy	14	15	12	12	18	20	21	29	31	31	26	26	29
BAD TIME TO BUY:													
Prices are high	14	11	11	17	5	7	8	9	7	6	7	8	10
Interest rates are high; credit is tight	3	3	5	4	3	3	2	3	2	3	3	4	2
Lack of purchasing power	6	8	7	5	6	6	8	7	9	5	6	7	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

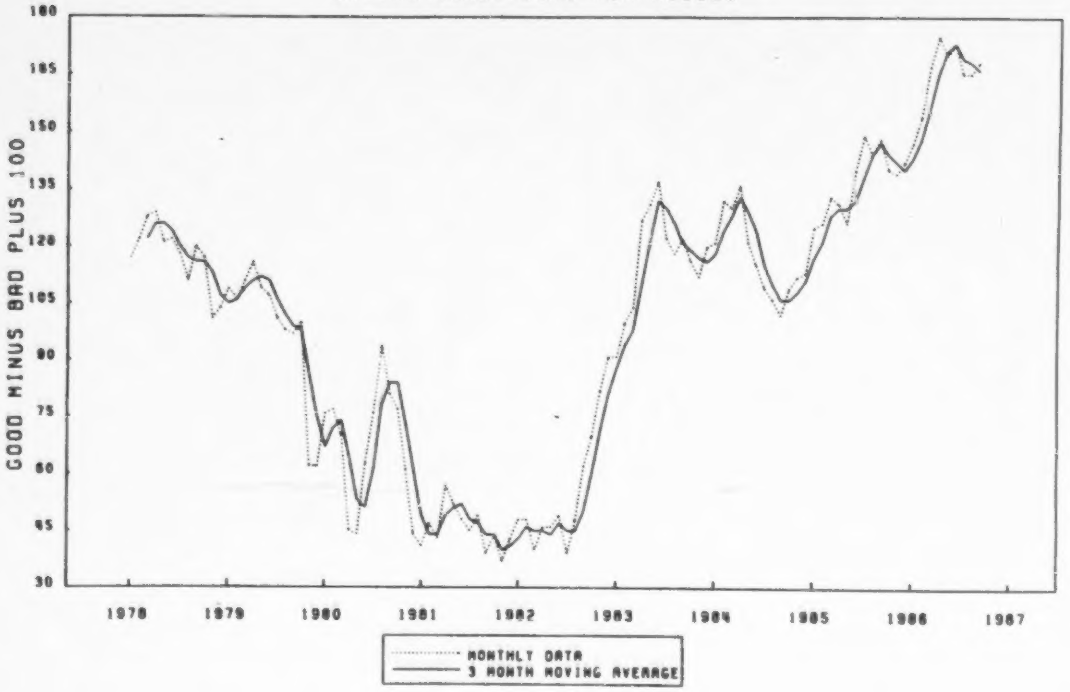


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

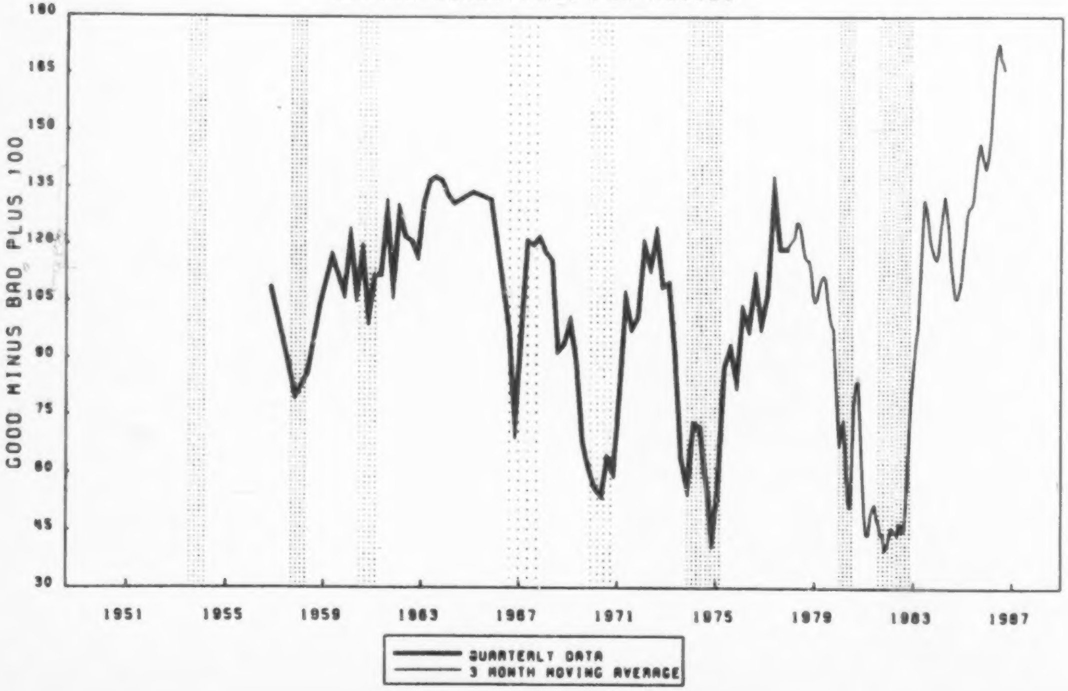


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY	72%	68%	67%	68%	72%	76%	82%	86%	83%	86%	82%	81%	83%
UNCERTAIN, DEPENDS	4	4	5	6	3	2	3	3	4	1	1	3	2
BAD TIME TO BUY	24	28	28	26	25	22	15	11	13	13	17	16	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

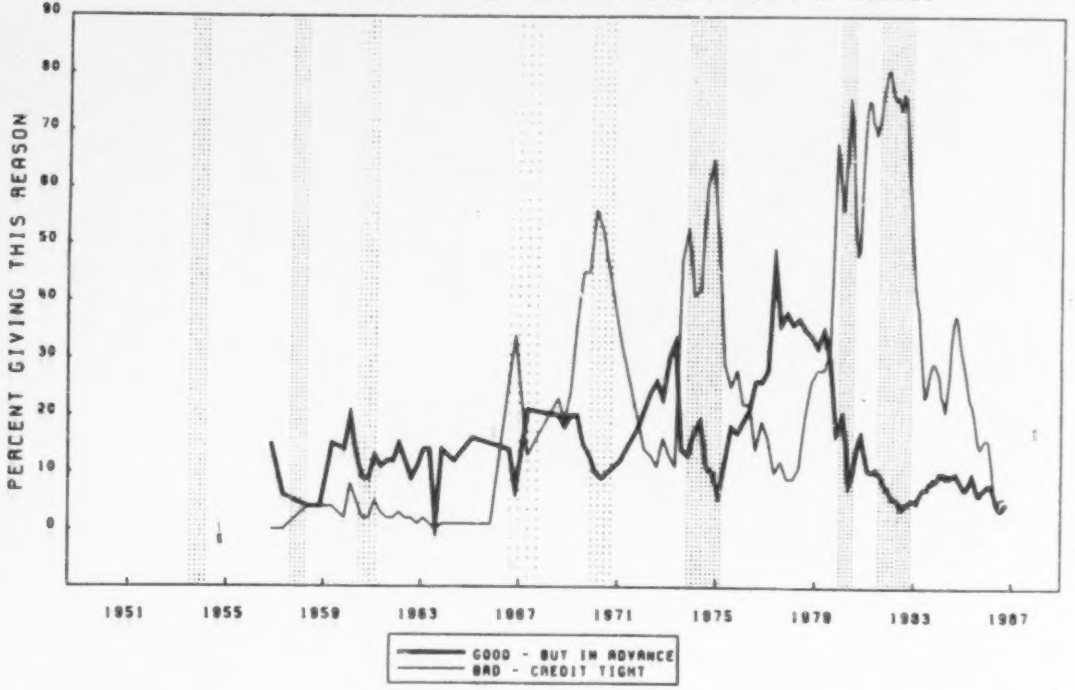


CHART 24B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

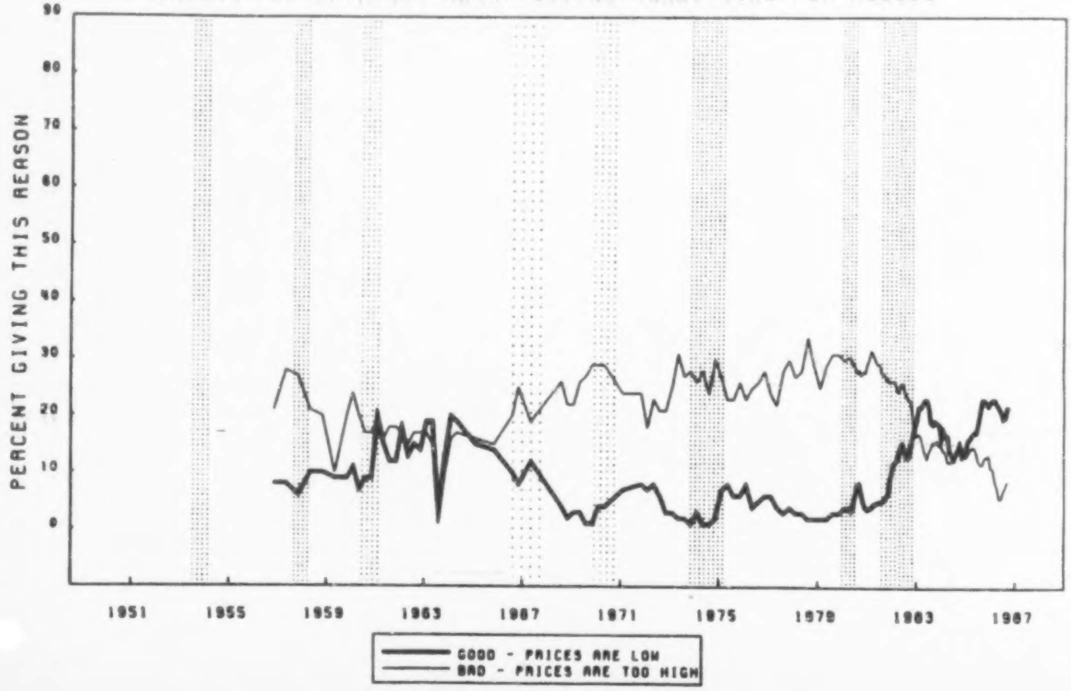


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	22%	21%	23%	24%	22%	23%	22%	20%	21%	18%	21%	26%
Prices won't come down; are going higher	7	7	8	8	8	8	6	5	3	4	4	4	6
Interest rates low; credit is easy	56	55	52	53	60	64	76	83	80	83	77	78	79
Good investment	4	6	4	5	6	4	5	3	3	3	5	3	5
BAD TIME TO BUY:													
Prices are high	12	15	12	13	8	12	6	5	6	6	9	8	9
Interest rates are high; credit is tight	14	15	18	15	14	11	5	4	5	5	7	5	5
Lack of purchasing power	9	10	10	6	10	8	8	6	6	6	7	8	6

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

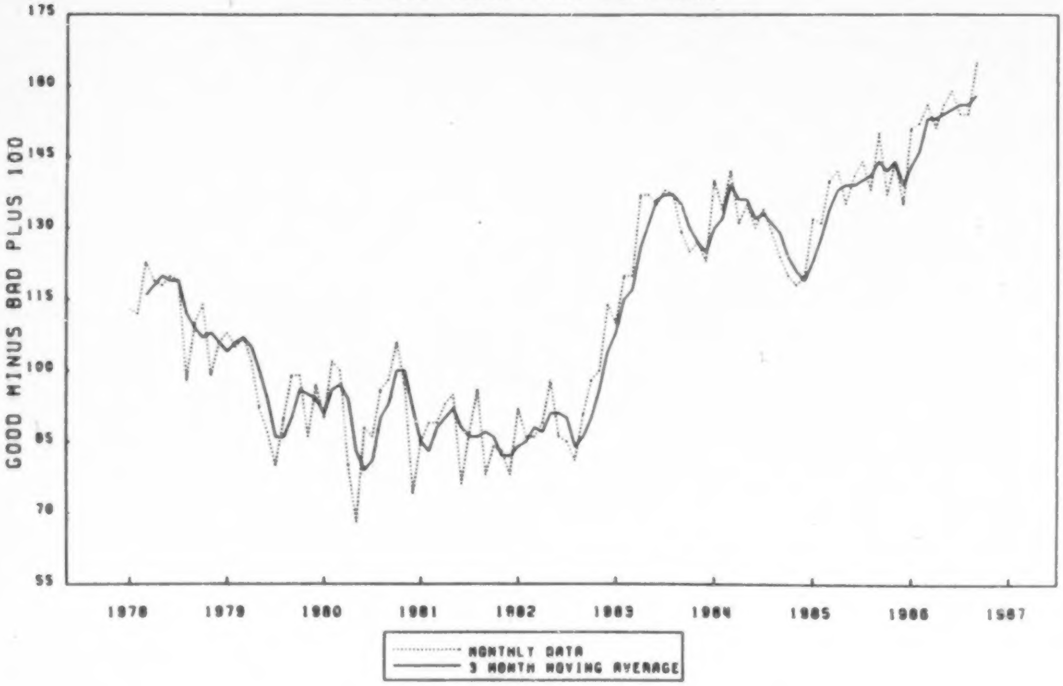


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

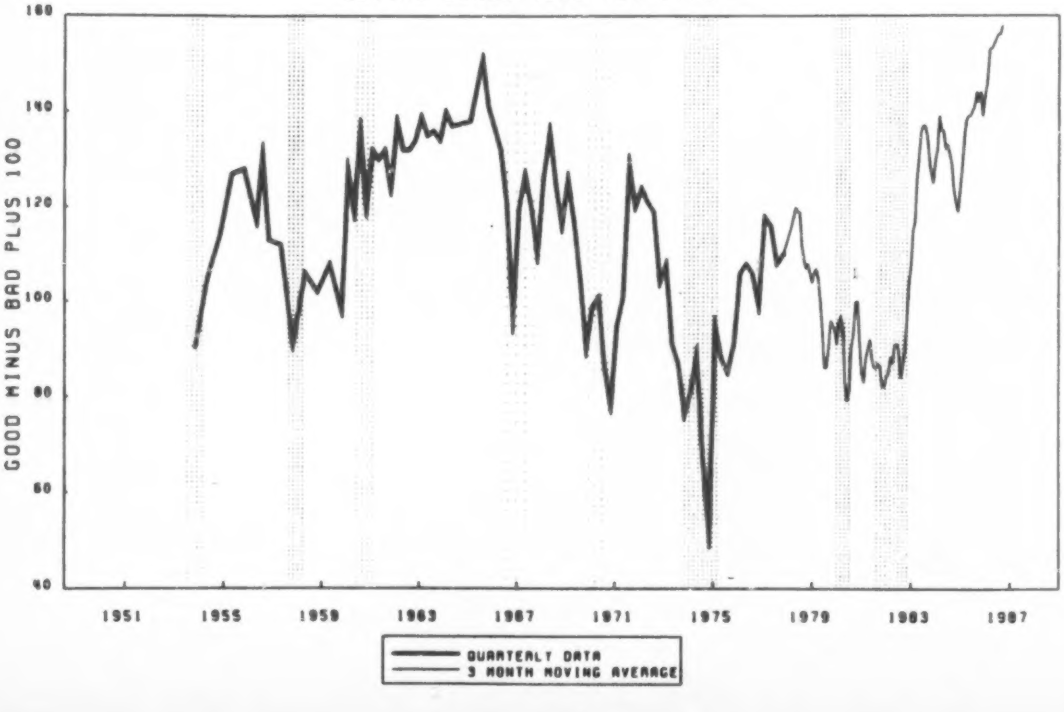


TABLE 25

BUYING CONDITIONS FOR CARS

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY	72%	65%	68%	63%	71%	73%	74%	73%	75%	77%	74%	73%	81%
UNCERTAIN; DEPENDS	6	7	8	9	9	6	8	5	6	5	6	8	3
BAD TIME TO BUY	22	28	24	28	20	21	18	22	19	18	20	19	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	654	652	651	652	656	656	658	658	655	658	665	653	659

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

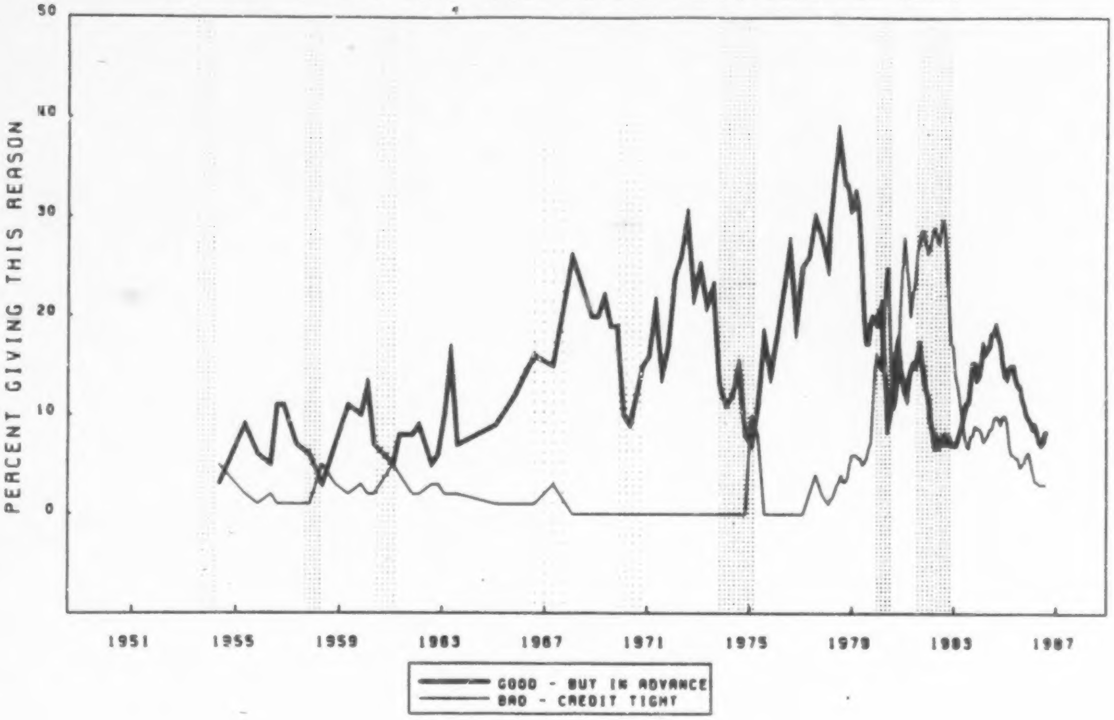


CHART 26B - HISTORICAL SERIES
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

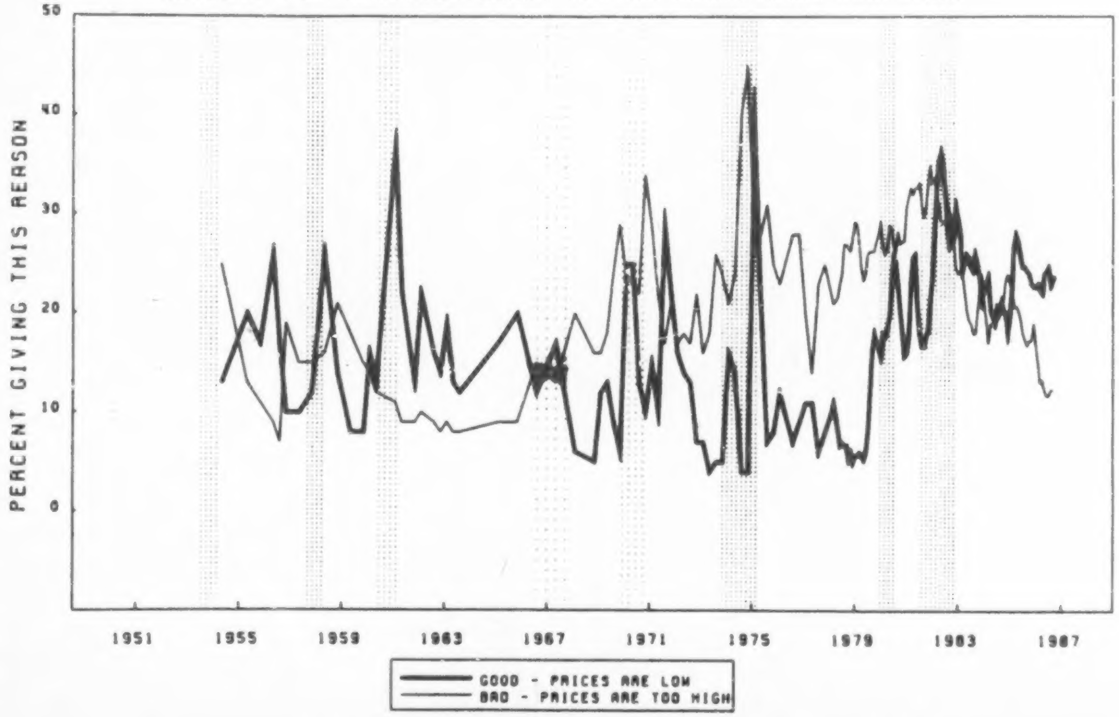


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Sept 1985	Oct. 1985	Nov. 1985	Dec. 1985	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986
GOOD TIME TO BUY:													
Prices are low; good buys available	25%	23%	21%	24%	23%	22%	22%	22%	28%	23%	23%	23%	25%
Prices won't come down; are going higher	9	10	11	8	9	9	9	7	6	8	8	9	6
Interest rates low; credit is easy	46	41	40	37	51	53	54	54	58	62	53	52	73
New fuel efficient models	1	1	2	1	*	1	*	1	*	*	1	*	*
BAD TIME TO BUY:													
Prices are high	15	19	18	20	13	13	13	14	10	11	14	12	11
Interest rates are high; credit is tight	5	6	7	6	3	4	3	3	3	3	3	3	4
Lack of purchasing power	4	6	4	4	5	5	4	6	6	4	5	5	2
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	3	3	1	4	4	2	3	2	2	2	3	1	1

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

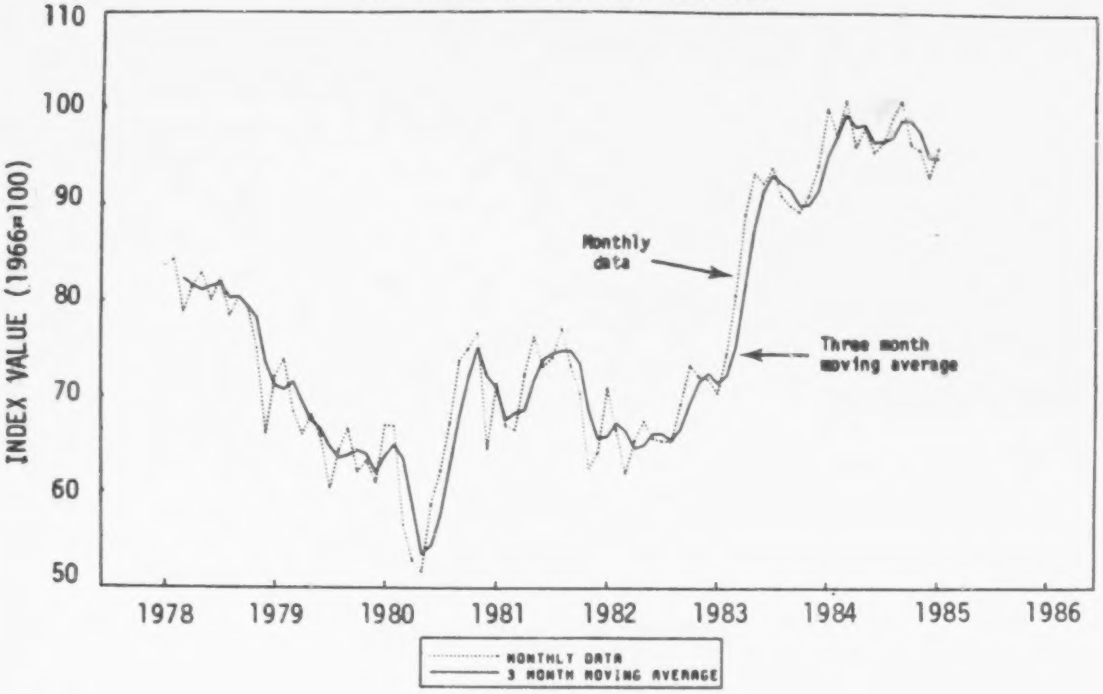
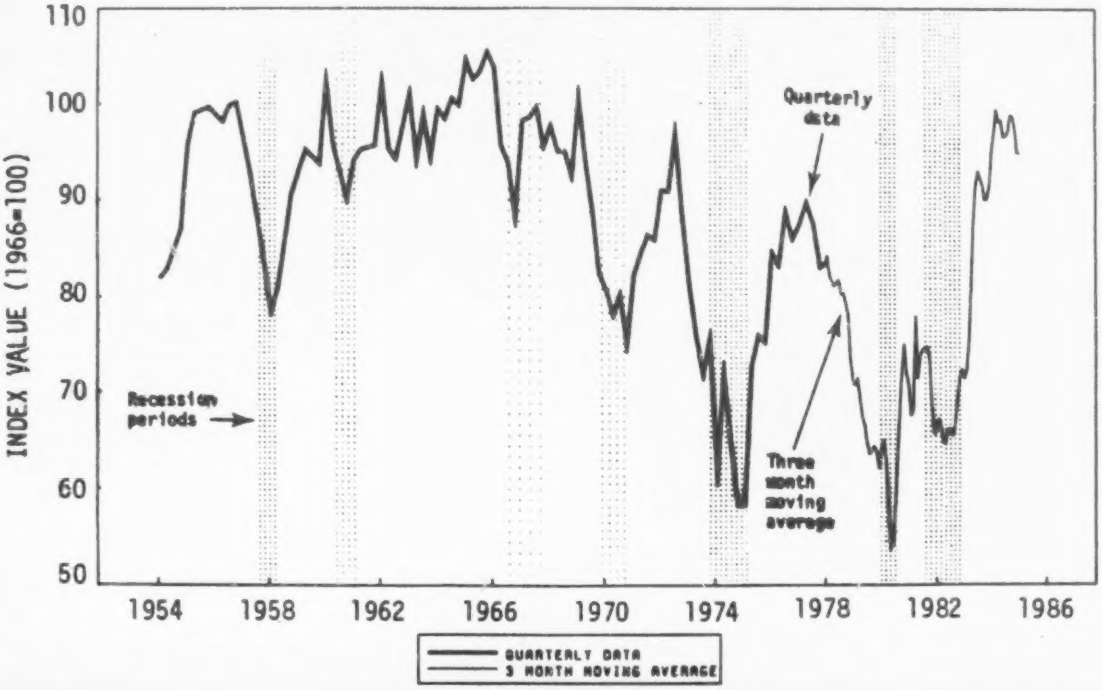


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES: November 1948 - October 1949
July 1953 - May 1954
August 1957 - April 1958
April 1960 - February 1961
June 1966 - November 1967*
December 1969 - November 1970
November 1973 - March 1975
January 1980 - July 1980
July 1981 - November 1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

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[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b] Average size of monthly surveys.

[c] Average size of two monthly surveys.

[d] Average size of three monthly surveys (one quarter).

SUMMARY

October 3, 1986

SEPTEMBER 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

AUTO INCENTIVES OFFSET RISING CONCERNS WITH ECONOMY

- In the September 1986 survey, the Index of Consumer Sentiment was 91.9, three Index points below the month earlier reading of 94.9, but less than one Index point below the year earlier figure of 92.1. The recent small decline in sentiment was concentrated in expectations about the general economy.

- Among families with incomes of $30,000 or more, the Index stood at 99.5 in September 1986, down from 105.0 in August, and 101.7 in September 1985.

- Favorable attitudes toward buying conditions for vehicles reached a new all-time record level. Among all families, 81 percent thought that buying conditions were favorable in September 1986, above the prior record level of 77 percent in June. References to reduced interest rates on vehicle loans also reached a new peak in September 1986, 70 percent, up from 45 percent in September 1985.

- Good times financially in the economy as a whole during the year ahead were expected by 50 percent of all families in the September 1986 survey, down from 55 percent one month earlier, and 62 percent three months earlier. In addition, fewer families expected good times in the economy to persist uninterrupted over the longer term (33 percent) in the September 1986 survey, than one month earlier (39 percent) or three months earlier (40 percent).

- Few families expected any further declines in the unemployment rate in September (11 percent, down from 20 percent three months earlier) compared with 33 percent that expected increases (up from 26 percent three months earlier). In contrast, inflation expectations remained low in the September survey, as consumers expected the annual rate to average 3.5%, down from 3.8% three months earlier.

- Consumers' evaluations of their own financial situation remained favorable in the September survey, with 45 percent reporting improvement, just ahead of the 43 percent recorded one year earlier. Reports of income increases, however, declined by a small amount during the past year (33, down from 35 percent), and reports of income declines rose slightly (17, up from 13 percent). Offsetting this trend were fewer complaints about the erosion of living standards due to inflation--11 percent, down from 14 percent one year earlier.

- Improvement in their financial situation during the year ahead was expected by 38 percent of all families in the September 1986 survey, between the 39 percent recorded one month earlier and the 35 percent recorded one year earlier. Importantly, just 11 percent expected their personal financial situation to worsen during the year ahead, unchanged from one month and one year earlier.

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